

CBRE VALUATION & ADVISORY SERVICES

EXHIBIT

B

APPRAISAL REPORT

THE RUINS
315 E KEMP AVENUE
WATERTOWN, SOUTH DAKOTA 57201
CBRE FILE NO. CB22US070704-1

RED RIVER STATE BANK

CBRE

VALUATION & ADVISORY SERVICES



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July 20, 2022

Ms. Danielle Harless
RED RIVER STATE BANK
114 N. Mill Street
Fertile, Minnesota 56540

RE: Appraisal of: The Ruins
315 E Kemp Avenue
Watertown, Codington County, South Dakota 57201
CBRE, Inc. File No. CB22US070704-1

Dear Ms. Harless:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report (Summary).

The subject is an under construction 63-unit, market rate mid/high rise property located at 315 East Kemp Avenue in Watertown, South Dakota. Upon completion, the property will consist of a single, four-story apartment building with underbuilding parking and a first floor retail/commercial space occupied by the city of Watertown. The retail center will be leased to the city on a 99 year lease term for \$1 annually. The improvements are scheduled to be completed in 2023 and are situated on a 0.39-acre site.

Per your request, three market valuations have been completed including the as is, prospective as complete and prospective as stabilized market values. Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Leased Fee Interest	July 12, 2022	\$6,980,000
As Complete	Leased Fee Interest	May 1, 2023	\$11,740,000
As Stabilized	Leased Fee Interest	September 1, 2023	\$12,410,000

Compiled by CBRE

MARKET VALUE CONCLUSION

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Net Present Value of TIF	Net Present Value	July 12, 2022	\$1,810,000

Compiled by CBRE

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were

developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



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South Dakota Certified General Real Property Appraiser
License # 1519CG

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Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of South Dakota.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Josh Luther, MAI and Mike Moynagh, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.
11. Harry Johnson, a CBRE Senior Appraiser has and Josh Luther, MAI, Matthew Johnson and Mike Moynagh, MAI have not made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Josh Luther, MAI has and Mike Moynagh, MAI and Josh Luther, MAI have not provided services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



Matthew Johnson
South Dakota Certified General Real Property Appraiser
License # 1519CG



Michael Moynagh, MAI
South Dakota Certified General Real Property Appraiser
License # 895CG



Josh Luther, MAI
South Dakota Certified General Real Property Appraiser
License # 1021CG

Subject Photographs



Aerial Parcel Map Provided by LandVision



Typical view of the subject



Typical view of the subject

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Executive Summary

Property Name	The Ruins	
Location	315 E Kemp Avenue Watertown, Codington County, SD 57201	
Parcel Number(s)	9352	
Client	RED RIVER STATE BANK	
Highest and Best Use		
As If Vacant	Hold For Future Commercial/Multifamily	
As Improved	Mixed Use Multifamily/Commercial	
Property Rights Appraised	Leased Fee Interest	
Date of Inspection	July 12, 2022	
Estimated Exposure Time	6 - 12 Months	
Estimated Marketing Time	6 - 12 Months	
Primary Land Area	0.39 AC	17,000 SF
Zoning	C1: Community Commercial	
Improvements		
Property Type	Mixed Use	(Multifamily/Commercial)
Number of Buildings	1	
Number of Stories (Above Grade)	4	
Gross Building Area (Including Parking Garage)	100,908 SF	
Net Rentable Area (Apartments Only)	51,333 SF	
Net Rentable Area (Commercial Only)	1,200 SF	
Number of Apartment Units	63	
Average Unit Size	815 SF	
Year Built	2023	
Effective Age (As of Stabilization Date)	0 Years	
Remaining Economic Life	55 Years	
Condition	New	
Buyer Profile	Investor-Local	
Financial Indicators		
Current Occupancy	0.0%	
Stabilized Occupancy	96.0%	
Estimated Lease-up Period	6 Months	
Overall Capitalization Rate	4.75%	
Pro Forma Operating Data	Total	Per Unit
Effective Gross Income	\$822,385	\$13,054
Operating Expenses	\$255,993	\$4,063
Expense Ratio	31.13%	
Net Operating Income	\$566,392	\$8,990

VALUATION		Total	Per Unit
Land Value		\$430,000	\$6,825
Market Value As Complete On	May 1, 2023		
Cost Approach		\$11,740,000	\$186,349
Sales Comparison Approach		\$11,620,000	\$184,444
Income Capitalization Approach		\$11,740,000	\$186,349
Market Value As Stabilized On	September 1, 2023		
Cost Approach		\$12,410,000	\$196,984
Sales Comparison Approach		\$12,290,000	\$195,079
Income Capitalization Approach		\$12,410,000	\$196,984
Insurable Value		\$10,850,000	\$172,222

CONCLUDED MARKET VALUE			
Appraisal Premise	Interest Appraised	Date of Value	Value
As Is	Leased Fee Interest	July 12, 2022	\$6,980,000
As Complete	Leased Fee Interest	May 1, 2023	\$11,740,000
As Stabilized	Leased Fee Interest	September 1, 2023	\$12,410,000

Compiled by CBRE

MARKET VOLATILITY

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility and any lending or investment decisions should reflect this heightened level of volatility.

Please note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

CURRENT ECONOMIC CONDITIONS

The following is provided by CBRE Research as of July 2022.

- In response to persistently high inflation, the Federal Reserve raised the federal funds rate by 75 basis points (bps) on June 15th, 2022 to a range of 1.50% to 1.75%. This was the biggest rate hike since 1994.
- The Consumer Price Index (CPI) rose by 9.1% annually in June (a 40-year high). Core inflation, which excludes food and energy prices, increased 5.9%. Both exceeded economist expectations.

- CBRE expects the Fed will raise the federal funds rate by 75 basis points (bps) later in July and most likely by another 50 bps in September.
- CBRE expects economic activity will slow but that a recession is unlikely this year. Amid slower growth and high inflation, CBRE forecasts the federal funds rate will peak at 3.75% in 2023.
- Volatility in the credit markets is causing issues for investors, but activity in the commercial real estate markets has remained resilient as sellers expedite dispositions. However, we expect higher rates and slower growth will weigh on activity as the year goes on.

The following table summarizes the CBRE Research House View as of mid-July 2022:

	2022	2023	2024-28
Federal Funds Rate (Q4)	3.25% to 3.5%	3.50% to 3.75%	1.75% to 2.00%
10-Year Treasury (Q4)	3.41%	2.56%	2.94%

Lower economic growth should still support continued strong commercial real estate fundamentals this year. Tightening in credit markets will continue to drive adjustment in the commercial real estate investment markets in the near term. Amid this uncertain and dynamic environment, investment market performance will be uneven with investors favoring high-quality assets in liquid or high-performing markets. We anticipate this to be the case across property types as investors look to lower risk.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as "an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions." ¹

- This valuation assumes that all necessary city approvals and building permits are granted for the proposed 63 multifamily units and 1,200 square feet of commercial space. If the city approvals and/or permits are not granted for the proposed density/use, our value conclusions are subject to change.
- This valuation assumes that the proposed improvements as described herein are complete as our estimated date of completion.

The use of extraordinary assumptions may have affected the assignment results.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purposes of analysis." ²

¹ The Appraisal Foundation, *USPAP, 2020-2022*

- None noted

OWNERSHIP AND PROPERTY HISTORY

Title to the property is currently vested in the name of Craig Holdings LLC who purchased the property in June 2019 from the City of Watertown for \$417,040. According to the buyer, the sale was not considered an arm's length transaction as the city wanted to redevelop the site for the new park that will be going to the west of the subject property.

To the best of the appraiser's knowledge the subject property has not sold or been listed for sale other than the transaction illustrated above.

EXPOSURE/MARKETING TIME

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. The following table presents information our conclusion.

EXPOSURE/MARKETING TIME DATA		
Investment Type	Exposure/Mktg. (Months)	
	Range	Average
Comparable Sales Data	1.0 - 12.0	
PwC Apartment		
National Data	1.0 - 9.0	3.9
Local Market Professionals	6.0 - 12.0	9.0
CBRE Exposure Time Estimate	6 - 12 Months	
CBRE Marketing Period Estimate	6 - 12 Months	

Source: CBRE National Investor Survey, RealtyRates.com Survey & PwC Real Estate Survey

² The Appraisal Foundation, USPAP, 2020-2022

Scope of Work

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied.

INTENDED USE OF REPORT

This appraisal is to be used for financing and no other use is permitted..

CLIENT

The client is RED RIVER STATE BANK.

INTENDED USER OF REPORT

This appraisal is to be used by RED RIVER STATE BANK, and no other user may rely on our report unless as specifically indicated in the report.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.³

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property.

DEFINITION OF VALUE

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;

³ Appraisal Institute, *The Appraisal of Real Estate*, 14th ed. (Chicago: Appraisal Institute, 2013), 50.

2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.⁴

INTEREST APPRAISED

The value estimated represents the leased fee interest as defined below:

Leased Fee Interest – A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a controlled landlord-tenant relationship (i.e., a lease).⁵

Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records
- legal description

Extent to Which the Property is Inspected

Harry Johnson a CBRE Senior Appraiser inspected the subject property and the surrounding environs on the effective date of appraisal. The inspection was considered to provide an adequate representation of the subject and is the basis for our findings.

Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- income and expense data
- comparable data

Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

⁴ Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), 90.

Data Resources Utilized in the Analysis

DATA SOURCES	
Item:	Source(s):
Site Data	
Size	County Records
Improved Data	
Building Area	Building Plans and Rent Roll
No. Bldgs.	Building Plans
Parking Spaces	Building Plans
Year Built/Developed	Information Provided by Property Ownership
Economic Data	
Deferred Maintenance:	None - New Construction
Building Costs:	Construction Cost Statement and Marshall & Swift Cost Guide
Income Data:	Rent Roll, Pro Forma and Market Data
Expense Data:	Pro Forma and Market Data
Compiled by CBRE	

APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

Cost Approach

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

Sales Comparison Approach

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

Income Capitalization Approach

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two

common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

Methodology Applicable to the Subject

In valuing the subject, all three approaches are applicable and have been utilized.

COST TO ACHIEVE STABILIZED OPERATIONS

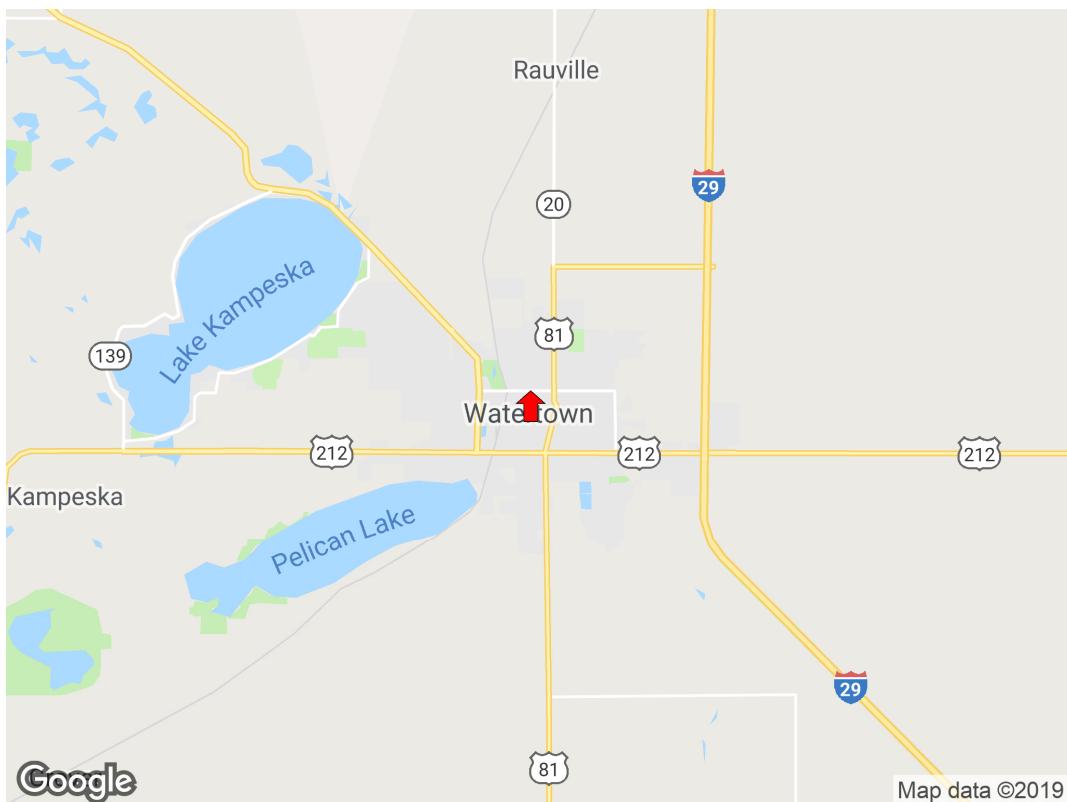
The cost estimates employed for this approach are reflective of a property operating at a stabilized level. A stabilized occupancy for the subject has been estimated to be 96.0%, while the subject is currently operating at 0.0%. Consequently, an adjustment is warranted.

As the subject is currently below a stabilized occupancy position, it requires a deduction for lease-up to stabilization. Based upon a Lease-Up Discount Analysis over an absorption period of 6 months, an adjustment of \$670,000 for the subject has been estimated. This deduction includes a profit deduction of \$500,000, which equates to 4.0% of our stabilized value indication. Our lease-up assumes 20% in pre-leasing at time of completion.

The Lease-Up Discount Analysis schedule is presented below. This analysis utilizes assumptions developed in the market analysis and income capitalization approach and will be deducted as a line item from each approach in order to render an "as complete" value estimate.

Month	LEASE UP DISCOUNT SCHEDULE						
	1	2	3	4	5	6	7
AS-STABILIZED							
Potential Rental Income	\$67,800	\$67,800	\$67,800	\$67,800	\$67,800	\$67,800	\$67,800
Vacancy & Credit Loss (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Vacancy & Credit Loss (\$)	(\$2,712)	(\$2,712)	(\$2,712)	(\$2,712)	(\$2,712)	(\$2,712)	(\$2,712)
Net Rental Income	\$65,088	\$65,088	\$65,088	\$65,088	\$65,088	\$65,088	\$65,088
Other Income	\$3,444	\$3,444	\$3,444	\$3,444	\$3,444	\$3,444	\$3,444
Effective Gross Income	\$68,532	\$68,532	\$68,532	\$68,532	\$68,532	\$68,532	\$68,532
Total Expenses	(\$21,333)	(\$21,333)	(\$21,333)	(\$21,333)	(\$21,333)	(\$21,333)	(\$21,333)
Net Operating Income	\$47,199	\$47,199	\$47,199	\$47,199	\$47,199	\$47,199	\$47,199
AS-IS							
Potential Rental Income	\$67,800	\$67,800	\$67,800	\$67,800	\$67,800	\$67,800	\$67,800
Vacancy & Credit Loss (%)	80.0%	67.3%	54.7%	42.0%	29.3%	16.7%	4.0%
Vacancy & Credit Loss (\$)	(\$54,240)	(\$45,652)	(\$37,064)	(\$28,476)	(\$19,888)	(\$11,300)	(\$2,712)
Net Rental Income	\$13,560	\$22,148	\$30,736	\$39,324	\$47,912	\$56,500	\$65,088
Other Income	\$718	\$1,172	\$1,626	\$2,081	\$2,535	\$2,990	\$3,444
Effective Gross Income	\$14,278	\$23,320	\$32,362	\$41,405	\$50,447	\$59,490	\$68,532
Total Expenses (30% Variable)	(\$16,266)	(\$17,111)	(\$17,955)	(\$18,799)	(\$19,644)	(\$20,488)	(\$21,333)
Net Operating Income	(\$1,989)	\$6,209	\$14,407	\$22,605	\$30,803	\$39,001	\$47,199
NOI Differential	\$49,188	\$40,990	\$32,792	\$24,594	\$16,396	\$8,198	\$0
Tenant Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Leasing Commissions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sub-Total	\$49,188	\$40,990	\$32,792	\$24,594	\$16,396	\$8,198	\$0
Plus: Profit @ \$500,000	\$83,333	\$83,333	\$83,333	\$83,333	\$83,333	\$83,333	\$0
Total Lease-Up Cost	\$132,521	\$124,323	\$116,125	\$107,927	\$99,729	\$91,531	\$0
Discounted @ 0.00%	\$132,521	\$124,323	\$116,125	\$107,927	\$99,729	\$91,531	\$0
Indicated Lease-Up Discount				\$672,158			
Rounded				\$670,000			
<i>Compiled by CBRE</i>							

Area Analysis

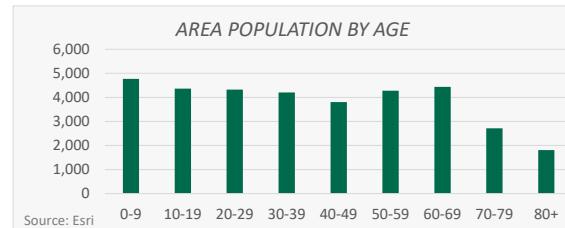


The city of Watertown is located in eastern South Dakota off Interstate 29. The city of Watertown is located approximately 115 miles north of Sioux Falls, 145 miles south of Fargo and 200 miles west of Minneapolis.

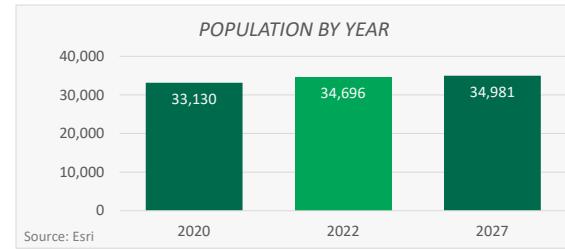
The subject is located in the Watertown, SD Micropolitan Statistical Area. Key information about the area is provided in the following tables.

POPULATION

The area has a population of 34,696 and a median age of 39, with the largest population group in the 0-9 age range and the smallest population in 80+ age range.

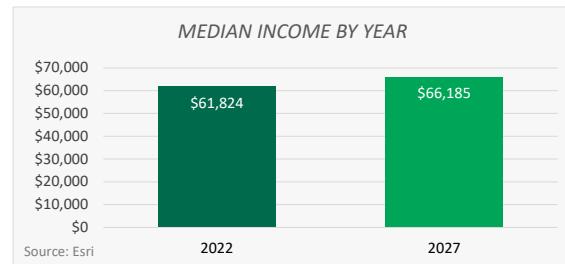


Population has increased by 1,566 since 2020, reflecting an annual increase of 2.3%. Population is projected to increase by an additional 285 by 2027, reflecting 0.2% annual population growth.



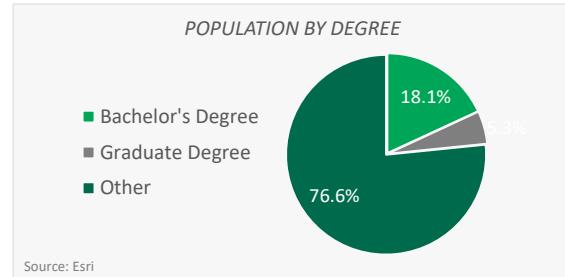
INCOME

The area features an average household income of \$82,861 and a median household income of \$61,824. Over the next five years, median household income is expected to increase by 7.1%, or \$872 per annum.

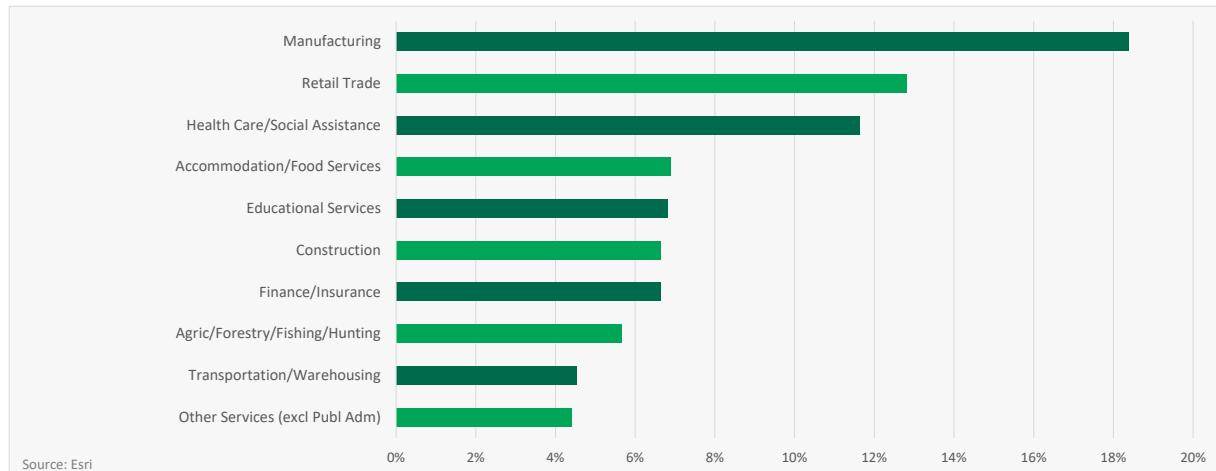


EDUCATION

A total of 23.4% of individuals over the age of 24 have a college degree, with 18.1% holding a bachelor's degree and 5.3% holding a graduate degree.



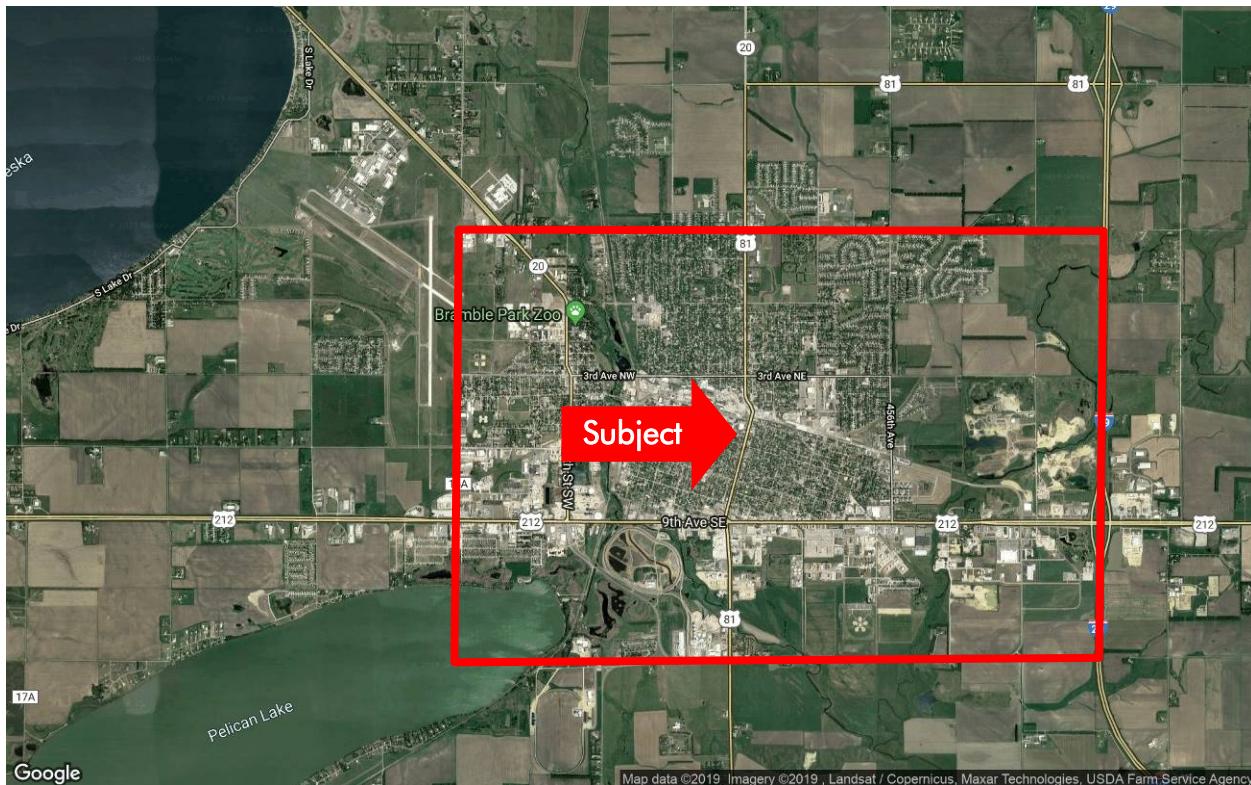
EMPLOYMENT



The area includes a total of 21,171 employees and has a 1.2% unemployment rate. The top three industries within the area are Manufacturing, Retail Trade and Health Care/Social Assistance, which represent a combined total of 43% of the population.

In summary, the subject is forecasted to experience an increase in population, an increase in household income, and an increase in household values.

Neighborhood Analysis



LOCATION

The subject is in the city of Watertown which is a small community in eastern South Dakota. The city of Watertown is situated in Codington County, in eastern South Dakota along Highway 212 and Interstate 29.

BOUNDARIES

The neighborhood boundaries generally consist of the city limits of Watertown.

LAND USE AND GROWTH PATTERNS

The subject property is located in downtown Watertown. The downtown Watertown area has a "main street" style development with older commercial buildings with shared common walls and street parking. The surrounding commercial uses generally include local restaurants, shops, offices, banks, libraries, museums and other services.

Highway 212 is the primary commercial corridor as is I-29. Recent growth has occurred within downtown Watertown over the past several years with multifamily being the primary driver. This includes The Lofts, Generations on 1st and Parkside Place to name a few.

In addition to this project, there are three multifamily apartment projects on the southeastern side of town. These projects include The Oaks (2019), One Willow Creek (2016) and Two Willow Creek (2018).

ACCESS

The subject is located in the center of downtown Watertown and has good access to Highway 81, Highway 212 and Interstate 29.

DEMOGRAPHICS

Selected neighborhood demographics in 1-, 3- and 5-mile radius from the subject are shown in the following table:

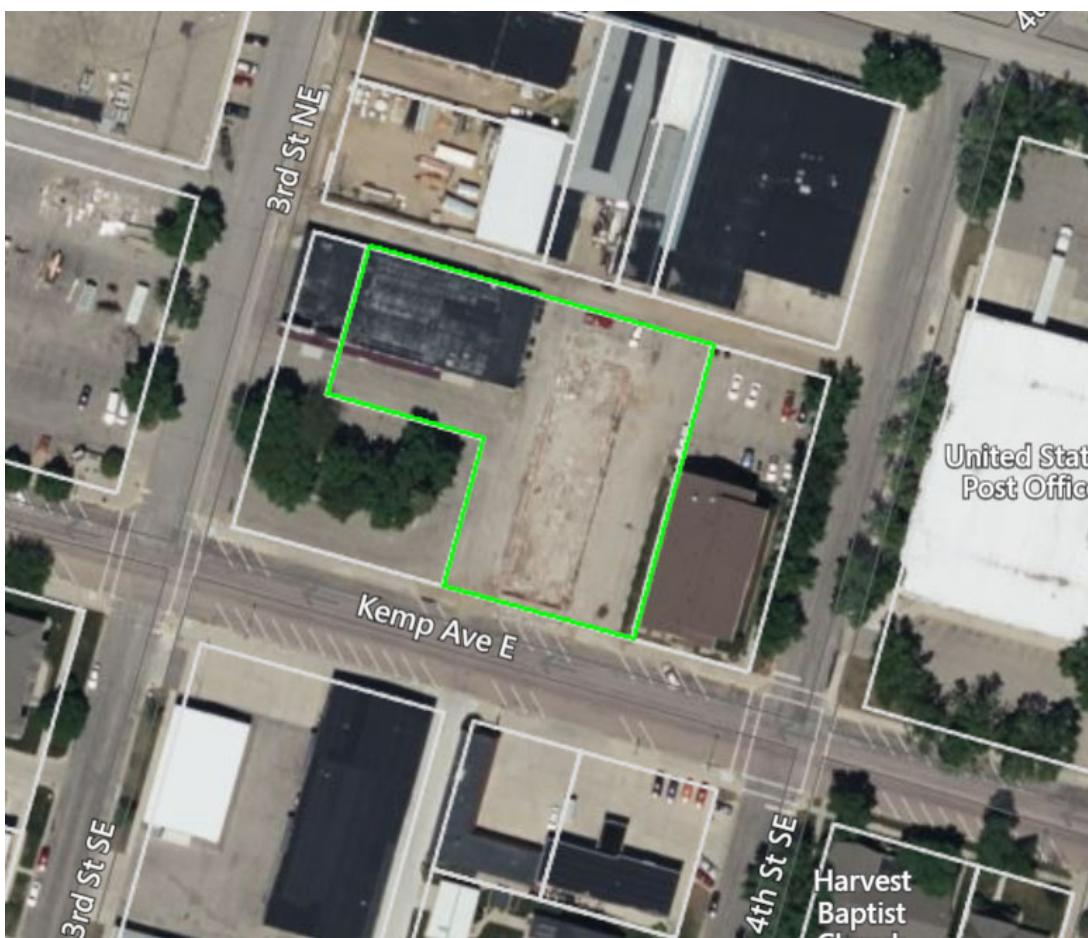
SELECTED NEIGHBORHOOD DEMOGRAPHICS				
315 E Kemp Avenue Watertown, SD 57201	1 Mile Radius	3 Mile Radius	5 Mile Radius	Watertown, SD Micropolitan
Population				
2027 Total Population	10,438	21,359	23,345	34,981
2022 Total Population	10,245	21,076	23,106	34,696
2010 Total Population	10,010	20,039	21,951	33,130
2000 Total Population	10,038	19,102	20,871	31,437
Annual Growth 2022 - 2027	0.37%	0.27%	0.21%	0.16%
Annual Growth 2010 - 2022	1.17%	2.55%	2.60%	2.34%
Annual Growth 2000 - 2010	-0.03%	0.48%	0.51%	0.53%
Households				
2027 Total Households	4,883	9,424	10,177	14,460
2022 Total Households	4,765	9,244	10,011	14,297
2010 Total Households	4,597	8,674	9,364	13,540
2000 Total Households	4,450	7,896	8,491	12,405
Annual Growth 2022 - 2027	0.49%	0.39%	0.33%	0.23%
Annual Growth 2010 - 2022	1.81%	3.23%	3.40%	2.76%
Annual Growth 2000 - 2010	0.33%	0.94%	0.98%	0.88%
Income				
2022 Median Household Income	\$51,178	\$56,689	\$57,779	\$61,824
2022 Average Household Income	\$63,145	\$77,572	\$78,892	\$82,861
2022 Per Capita Income	\$29,187	\$34,248	\$34,544	\$34,176
2022 Pop 25+ College Graduates	1,350	3,367	3,755	5,524
Age 25+ Percent College Graduates - 2022	19.0%	23.3%	23.7%	23.4%

Source: ESRI

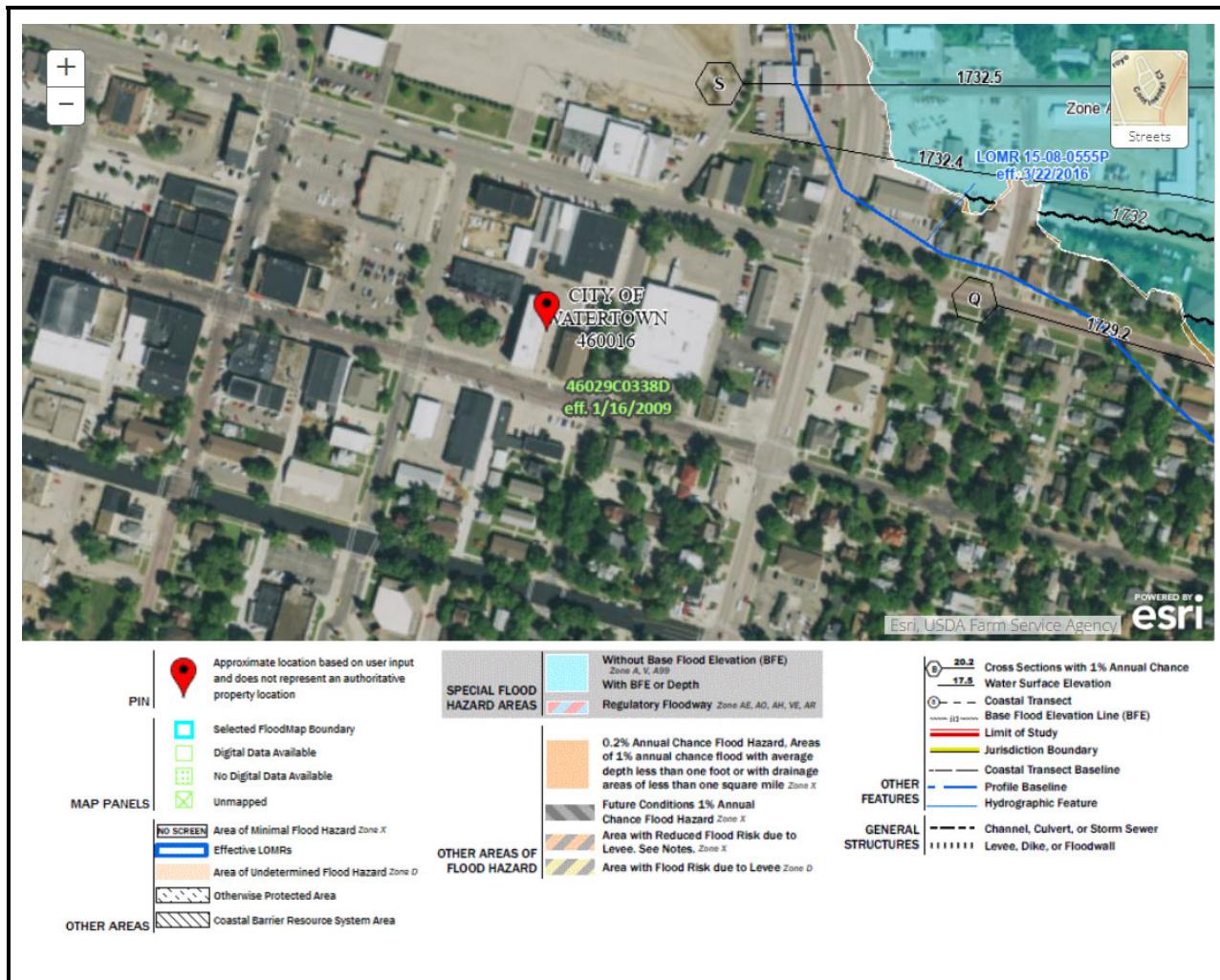
CONCLUSION

The city of Watertown has witnessed moderate growth over the past several years relative to population and households. The subject property is adequately situated for a multifamily project in the center of downtown Watertown in close proximity to restaurants, shops and other services. The neighborhood is best described as an established one with limited growth anticipated.

AERIAL PARCEL MAP



FLOOD PLAIN MAP



Site Analysis

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY AND ANALYSIS			
Physical Description			
Gross Site Area	0.39 Acres	17,000 Sq. Ft.	
Primary Road Frontage	East Kemp	87 Feet	
Excess Land Area	None	n/a	
Surplus Land Area	None	n/a	
Shape	Rectangular		
Topography	Generally Level		
Parcel Number(s)	9352		
Zoning District	C1: Community Commercial		
Flood Map Panel No. & Date	46029C0338D	16-Jan-09	
Flood Zone	Zone X (Unshaded)		
Adjacent Land Uses	Commercial and residential uses		
Comparative Analysis			
Visibility	Average		
Functional Utility	Average		
Traffic Volume	Average		
Adequacy of Utilities	Average		
Landscaping	Average		
Drainage	Assumed adequate		
Other			
	Yes	None Known	Unknown
Detrimental Easements		X	
Encroachments		X	
Deed Restrictions		X	
Reciprocal Parking Rights		X	

Source: Various sources compiled by CBRE

INGRESS/EGRESS

Vehicular ingress/egress will be available to the site via East Kemp Avenue. Pedestrian access will be available along East Kemp Avenue as well as a city owned park to the west of the improvements.

EASEMENTS AND ENCROACHMENTS

There are no known easements or encroachments impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a current title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

COVENANTS, CONDITIONS AND RESTRICTIONS

There are no known covenants, conditions or restrictions impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain

a copy of the current covenants, conditions and restrictions, if any, prior to making a business decision.

ENVIRONMENTAL ISSUES

Although CBRE was not provided an Environmental Site Assessment (ESA), a tour of the site did not reveal any obvious issues regarding environmental contamination or adverse conditions.

The appraiser is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

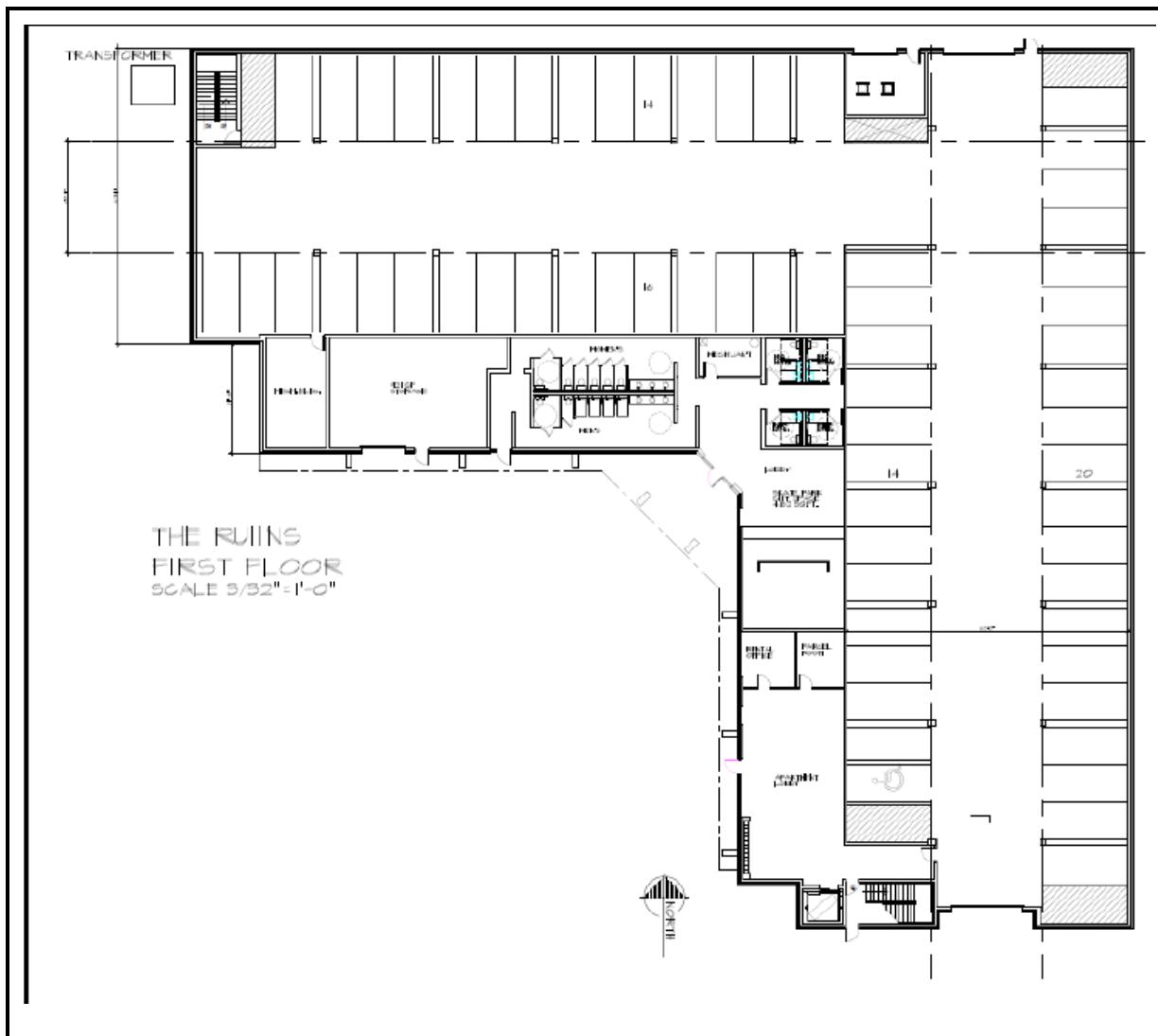
ADJACENT PROPERTIES

The subject property is in downtown Watertown and the adjacent uses generally consist of various restaurants, shops, offices, banks and general service properties. The site is well located in an established area of downtown.

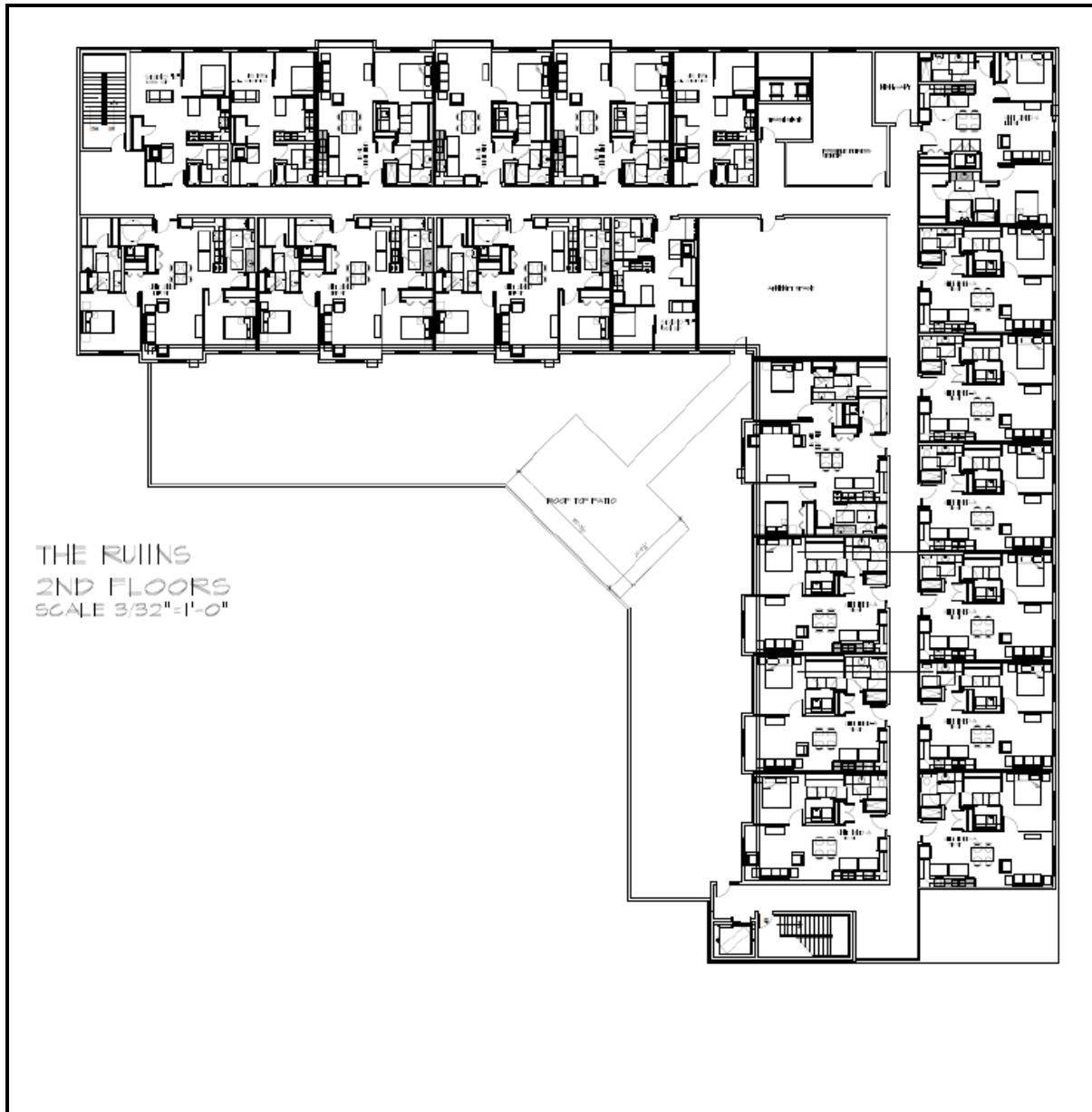
CONCLUSION

The subject site is located within the downtown area of Watertown. Overall, the site is considered to have average functional utility and average to good locational characteristics for a property in downtown Watertown.

IMPROVEMENTS LAYOUT – FIRST FLOOR



IMPROVEMENTS LAYOUT – FLOORS 2-4



Improvements Analysis

The following chart shows a summary of the improvements.

IMPROVEMENTS SUMMARY AND ANALYSIS		
Property Type	Mixed Use	(Multifamily/Commercial)
Number of Buildings	1	
Number of Stories (Above Grade)	4	
Gross Building Area (Including Parking Garage)	100,908 SF	
Net Rentable Area (Commercial Only)	1,200 SF	
Net Rentable Area (Apartments Only)	51,333 SF	
Number of Apartment Units	63	
Average Unit Size	815 SF	
Development Density	161.4 Units/Acre	
Parking Improvements	First Floor Slab on Grade	
Parking Spaces:	64	
Parking Ratio (spaces/unit)	1.02	
Year Built	2023	
Actual Age	0 Years	
Effective Age	0 Years	
Total Economic Life	55 Years	
Remaining Economic Life	55 Years	
Age/Life Depreciation	0.0%	
Functional Utility	Typical	

Source: Various sources compiled by CBRE

UNIT MIX					
Unit Mix/Type	Comments	No. Units	Percent of Total	Unit Size (SF)	NRA (SF)
1BD/1Ba	One Bedroom Apartment	36	57.1%	716	25,776
2BD/1Ba	2 Bedroom Apartment	15	23.8%	1,195	17,925
Studio	Efficiency/Studio Apartment	12	19.0%	636	7,632
Total/Average:		63	100.0%	815	51,333

Source: Various sources compiled by CBRE

YEAR BUILT

The subject is scheduled to be completed in May of 2023.

CONSTRUCTION CLASS

Building construction class is as follows:

C - Masonry/concrete ext. walls & wood/steel roof & floor struct., exc. concrete slab on grade

D - Wood frame, floor and structure; considered combustible

The construction components are assumed to be in working condition and adequate for the building.

The overall quality of the facility is considered to be average to good for the neighborhood and age. However, CBRE, Inc. is not qualified to determine structural integrity and it is recommended that the client/reader retain the services of a qualified, independent engineer or contractor to determine the structural integrity of the improvements prior to making a business decision.

FOUNDATION/FLOOR STRUCTURE

The foundation is assumed to be of adequate load-bearing capacity to support the improvements. The floor structure is summarized as follows:

Ground Floor:	Concrete slab on compacted fill
Other Floors:	Plywood deck with light-weight concrete cover

EXTERIOR WALLS

The exterior walls on the first floor will be precast concrete with brick veneer. The upper-level floors will be wood framed with a combination of brick veneer, hardie board and stucco siding.

ROOF COVER

The subject will have a flat roof deck with built up composition.

ELEVATOR/STAIR SYSTEM

The improvements will include one passenger elevator and two interior stairwells that will provide access to all floors of the subject.

HVAC

The subject apartment units will be heated by electric baseboards and cooled by through the wall mounted air conditioning units. The ground floor commercial use will be heated/coolied through rooftop mounted units.

UTILITIES

Each unit is individually metered for electrical usage. Current operations indicate the landlord is responsible for water and sewer costs to the individual units with the tenants paying all other utility costs. The commercial tenant will be responsible for all utility payments.

LIFE SAFETY AND FIRE PROTECTION

The improvements will be 100% sprinklered by a wet system. It is assumed the improvements have adequate fire alarm systems, fire exits, fire extinguishers, fire escapes and/or other fire protection measures to meet local fire marshal requirements. CBRE, Inc. is not qualified to determine adequate levels of safety & fire protection, whereby it is recommended that the client/reader review available permits, etc. prior to making a business decision.

PROJECT AMENITIES

The project will include a Class A amenity package including under building parking, fitness center, community room and roof top terrace.

UNIT AMENITIES

Kitchens

Each unit features a full appliance package including an electric range/oven, frost-free refrigerator with icemaker, garbage disposal, dishwasher, and built-in microwave oven. Additionally, each unit features wood cabinets with granite countertops and vinyl plank flooring.

Bathrooms

The bathrooms within each unit feature a tub/shower combo with plastic insert. Additionally, each bathroom features a commode, wood cabinet with built-in porcelain sink, wall-mounted shelving with vanity mirror and vinyl tile flooring.

Interior Features

Each unit includes walk in closets and in unit washers/dryers.

Interior Lighting

Each unit features incandescent lighting in appropriate interior locations.

Patios, Balconies and Storage

The units will include a balcony. There will be 28 storage units that will be rented separately from the in unit rent.

SITE AMENITIES

Parking and Drives

The subject property will include a heated parking garage with 64 stalls. Current operations indicate that a parking stall (1 per bedroom) will be included within the monthly rent.

Landscaping

Landscaping will be considered to be in average condition and well maintained.

FUNCTIONAL UTILITY

All of the floor plans are considered to feature functional layouts and the layout of the overall project is considered functional in utility. Therefore, the unit mix is also functional, and no conversion is warranted to the proposed improvements.

ADA COMPLIANCE

All common areas of the property appear to have handicap accessibility. The client/reader's attention is directed to the specific limiting conditions regarding ADA compliance.

FURNITURE, FIXTURES AND EQUIPMENT

The apartment units are rented on an unfurnished basis. However, miscellaneous maintenance tools are examples of personal property associated with, and typically included in the sale of,

multifamily apartment complexes. Our market value assumes any FF&E at the property would transfer if the property were to sell. This is consistent with how buyers and sellers analyze similar properties.

ENVIRONMENTAL ISSUES

CBRE, Inc. is not qualified to detect the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. The existence of such substances may affect the value of the property. The subject involves modern building components and there is no reason to believe hazardous building materials were used in constructing the subject property. For the purpose of this assignment, we have specifically assumed there are no hazardous materials that would cause a loss in value to the subject.

ECONOMIC AGE AND LIFE

CBRE, Inc.'s estimate of the subject improvements effective age and remaining economic life (as of our estimated date of stabilization) is depicted in the following chart:

ECONOMIC AGE AND LIFE	
Actual Age	0 Years
Effective Age	0 Years
MVS Expected Life	55 Years
Remaining Economic Life	55 Years
Accrued Physical Incurable Depreciation	0.0%
Compiled by CBRE	

The remaining economic life is based upon our on-site observations and a comparative analysis of typical life expectancies as published by Marshall and Swift, LLC, in the Marshall Valuation Service cost guide. While CBRE, Inc. did not observe anything to suggest a different economic life, a capital improvement program could extend the life expectancy.

CONCLUSION

Upon completion, the improvements will be in new (good) overall condition. Overall, there are no known factors that adversely impact the marketability of the improvements.

Zoning

The following chart summarizes the subject's zoning requirements.

ZONING SUMMARY	
Current Zoning	C1: Community Commercial
Legally Conforming	Yes
Uses Permitted	Various retail, service establishments, entertainment, financial institutions, office, parking lots, apartments, restaurants and various other uses
Zoning Change	Not likely
Category	Zoning Requirement
Minimum Lot Size	10,000 Sq. Ft.
Minimum Lot Width	None
Maximum Height	60 Feet
Minimum Setbacks	
Front Yard	0 Feet
Street Side Yard	0 Feet
Interior Side Yard	0 Feet
Rear Yard	0 Feet

Source: Planning & Zoning Dept.

ANALYSIS AND CONCLUSION

According to the developer, all necessary approvals are in place for the proposed development. As a result, the proposed improvements represent a legally conforming use and, if damaged, may be restored without special permit application. Additional information may be obtained from the appropriate governmental authority. For purposes of this appraisal, CBRE has assumed the information obtained is correct. This appraisal assumes that all necessary city approvals are granted for the proposed development, as described herein.

Tax and Assessment Data

The subject property is under construction and the current taxes are not applicable. The following chart summarizes CBRE's estimate.

AD VALOREM TAX INFORMATION			
Parcel	Assessor's Parcel No.	Parcel Description	Pro Forma
1	9352	Subject Property	
Subtotal			\$6,615,000
Assessed Value @			100%
			\$6,615,000
General Tax Rate (per \$100 A.V.)			1.630000
General Tax:			\$107,825
Special Assessments:			-
Effective Tax Rate	(per \$100 A.V.)		1.630000
Total Taxes			\$107,825

Source: Assessor's Office

The property is taxed on an ad valorem basis, or on property value with the real estate tax due in the year following the valuation. The law specifically requires that assessors view each parcel of real estate to appraise its market value. This requires periodic physical inspection of all properties subject to assessment. State law also requires that the value and classification of real estate be established each year.

Real estate taxes are paid one year in arrears. (Example: In the year 2022, property owners will be paying 2021 real estate taxes.) Real estate tax notices are mailed to property owners in January. Taxes in South Dakota are due and payable the first of January, however the first half of property tax payments are accepted until April 30th without penalty. The second half of property tax payments will be accepted until October 31. All special assessments are due in full on or before April 30. In addition, all taxes under \$50 are due and payable in full on or before April 30.

TAX COMPARABLES

In order to estimate the subject's applicable real estate taxes, CBRE, Inc. has reviewed the real estate tax information according to Codington County for comparable properties in the market area. The following table summarizes the comparables employed for this analysis:

AD VALOREM TAX COMPARABLES			
Comparable Rental	Skott Apartments	One Willow Creek	Subject
Year Built	2011	2016	2023
No. Units	39	36	63
Tax Year	2022	2022	2022
Assessor's Market Value (2022)	\$2,400,940	\$3,790,525	\$6,615,000
AV Per Unit	\$61,563	\$105,292	\$105,000
Combined Tax Rate (per \$100 A.V.)	1.568430	1.687500	1.630000
Total Taxes (2022 Payable)	\$37,657	\$63,965	\$107,825
Per Unit	\$966	\$1,777	\$1,712

Source: Assessor's Office

CONCLUSION

Based on the foregoing, the total taxes for the subject have been estimated as \$107,825 for the base year of our analysis, based upon an assessed value of \$6,615,000 or \$105,000 per square foot. This concluded assessed value is 53% of our concluded stabilized market value and is considered reasonable given the tax comparables summarized above.

For purposes of this analysis, CBRE, Inc. assumes that all taxes are current.

Market Analysis

The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. Primary data sources utilized for this analysis include CoStar, Axiometrics and PwC Real Estate Investor Survey.

The subject is in the Watertown market and is considered a Class B mid-rise apartment community.

DEMOGRAPHIC ANALYSIS

Demand for residential properties is a direct function of demographic characteristics analyzed on the following pages.

Housing, Population and Household Formation

The following table illustrates the population and household changes for the subject neighborhood with primary focus on the entire city of Watertown.

Population	POPULATION AND HOUSEHOLD PROJECTIONS			
	1 Mile Radius	3 Mile Radius	5 Mile Radius	Watertown, SD Micropolitan Statistical Area
2027 Total Population	10,438	21,359	23,345	34,981
2022 Total Population	10,245	21,076	23,106	34,696
2010 Total Population	10,010	20,039	21,951	33,130
2000 Total Population	10,038	19,102	20,871	31,437
Annual Growth 2022 - 2027	0.37%	0.27%	0.21%	0.16%
Annual Growth 2010 - 2022	1.17%	2.55%	2.60%	2.34%
Annual Growth 2000 - 2010	-0.03%	0.48%	0.51%	0.53%
Households				
2027 Total Households	4,883	9,424	10,177	14,460
2022 Total Households	4,765	9,244	10,011	14,297
2010 Total Households	4,597	8,674	9,364	13,540
2000 Total Households	4,450	7,896	8,491	12,405
Annual Growth 2022 - 2027	0.49%	0.39%	0.33%	0.23%
Annual Growth 2010 - 2022	1.81%	3.23%	3.40%	2.76%
Annual Growth 2000 - 2010	0.33%	0.94%	0.98%	0.88%

Source: ESRI

As shown, the subject's neighborhood is experiencing moderate positive increases in both population and households.

Income Distributions

Household income available for expenditure on housing and other consumer items is a primary factor in determining the price/rent level of housing demand in a market area. In the case of this study, projections of household income, particularly for renters, identifies in gross terms the market from which the subject submarket draws. The following table illustrates estimated household income distribution for the subject neighborhood.

HOUSEHOLD INCOME DISTRIBUTION				
Households by Income Distribution (2022)	1 Mile Radius	3 Mile Radius	5 Mile Radius	Watertown, SD Micropolitan Statistical Area
<\$15,000	11.90%	9.21%	8.68%	6.83%
\$15,000 - \$24,999	8.08%	7.20%	6.99%	6.10%
\$25,000 - \$34,999	11.48%	9.78%	9.53%	8.53%
\$35,000 - \$49,999	16.58%	15.32%	15.11%	13.93%
\$50,000 - \$74,999	25.48%	23.25%	23.35%	25.01%
\$75,000 - \$99,999	14.86%	15.56%	15.63%	16.02%
\$100,000 - \$149,999	8.31%	12.70%	13.20%	14.86%
\$150,000 - \$199,999	1.66%	2.62%	3.16%	4.63%
\$200,000+	1.68%	4.37%	4.35%	4.08%

Source: ESRI

The following table illustrates the median and average household income levels for the subject neighborhood.

HOUSEHOLD INCOME LEVELS				
Income	1 Mile Radius	3 Mile Radius	5 Mile Radius	Watertown, SD Micropolitan Statistical Area
2022 Median Household Income	\$51,178	\$56,689	\$57,779	\$61,824
2022 Average Household Income	\$63,145		\$77,572	\$78,892
2022 Per Capita Income	\$29,187		\$34,248	\$34,544
				\$34,176

Source: ESRI

An analysis of the income data indicates that the submarket is generally comprised of middle income economic cohort groups, which include the target groups to which the subject is oriented.

Employment

An employment breakdown typically indicates the working-class characteristics for a given market area. The specific employment population within the indicated radii of the subject is as follows:

Occupation (2022)	EMPLOYMENT BY INDUSTRY			Watertown, SD Micropolitan Statistical Area
	1 Mile Radius	3 Mile Radius	5 Mile Radius	
Agric/Forestry/Fishing/Hunting	2.56%	2.68%	2.91%	5.75%
Construction	6.15%	5.52%	5.61%	6.77%
Manufacturing	17.52%	18.98%	18.95%	18.71%
Wholesale Trade	2.35%	2.83%	3.01%	3.58%
Retail Trade	17.37%	16.06%	15.41%	13.03%
Transportation/Warehousing	4.00%	4.28%	4.39%	4.60%
Information	0.98%	0.83%	0.85%	0.89%
Finance/Insurance	7.48%	6.84%	6.79%	6.76%
Prof/Scientific/Tech Services	2.43%	2.29%	2.23%	1.92%
Mgmt of Companies/Enterprises	0.21%	0.16%	0.14%	0.21%
Admin/Support/Waste Mgmt Svcs	2.41%	2.46%	2.47%	2.31%
Educational Services	5.43%	6.31%	6.37%	6.94%
Health Care/Social Assistance	12.34%	12.63%	12.63%	11.83%
Arts/Entertainment/Recreation	1.39%	1.52%	1.54%	1.39%
Accommodation/Food Services	10.33%	8.75%	8.72%	7.00%
Other Services (excl Publ Adm)	3.41%	3.79%	3.98%	4.48%
Public Administration	3.63%	4.09%	4.01%	3.82%

Source: ESRI

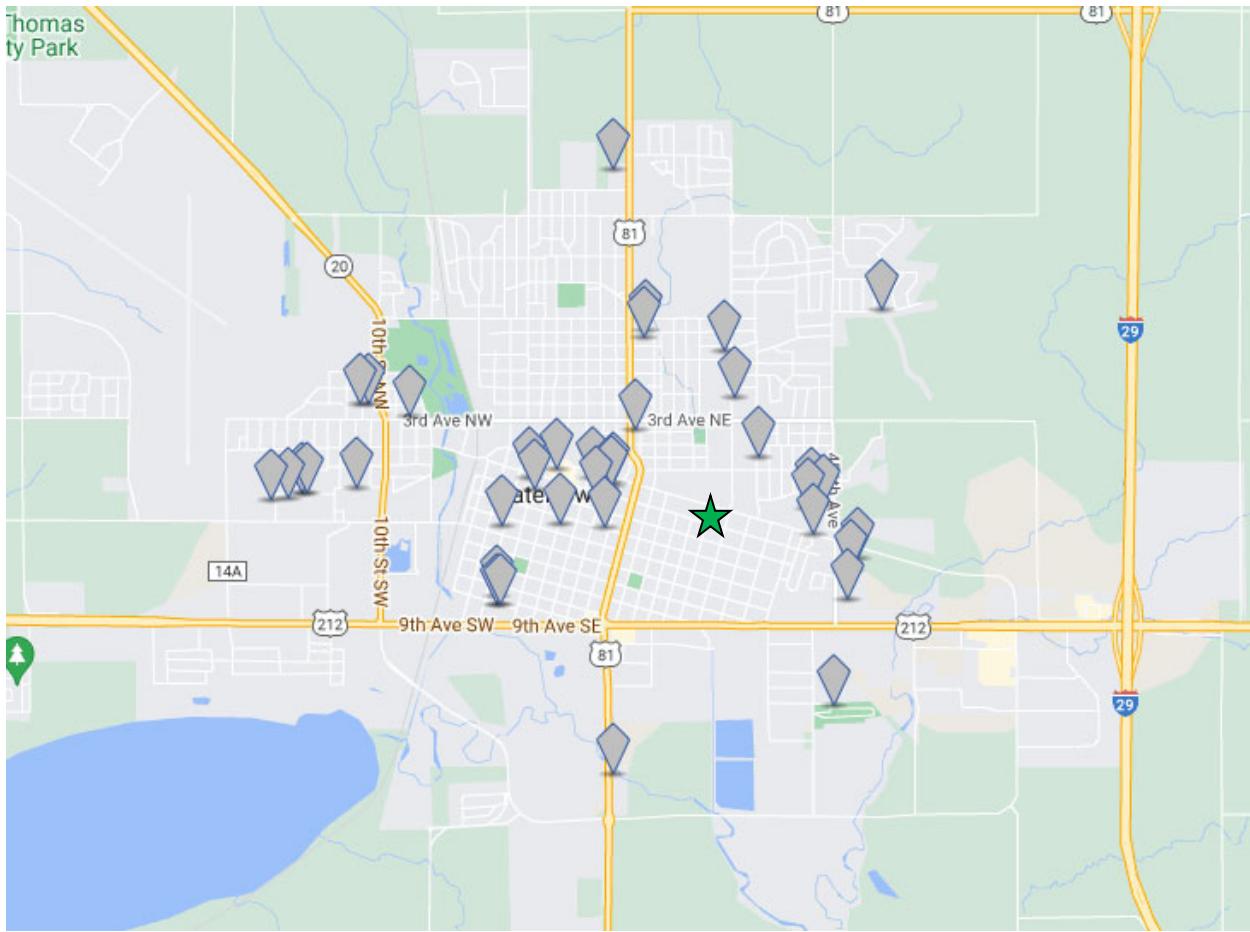
The previous table illustrates the employment character of the submarket, indicating a predominantly middle-income employment profile, with the majority of the population holding manufacturing, retail and health care position.

Outlook

Based on this analysis, the immediate area surrounding the subject is projected to experience moderate, positive growth relative to households and population into the near future. Given the area demographics, it appears that demand for both comparable surrounding area apartment units and the subject will continue to be favorable.

LOCAL APARTMENT MARKET OVERVIEW – COSTAR

The subject property is located in a smaller market with limited market data available. The map below illustrates the multifamily properties in the city of Watertown.



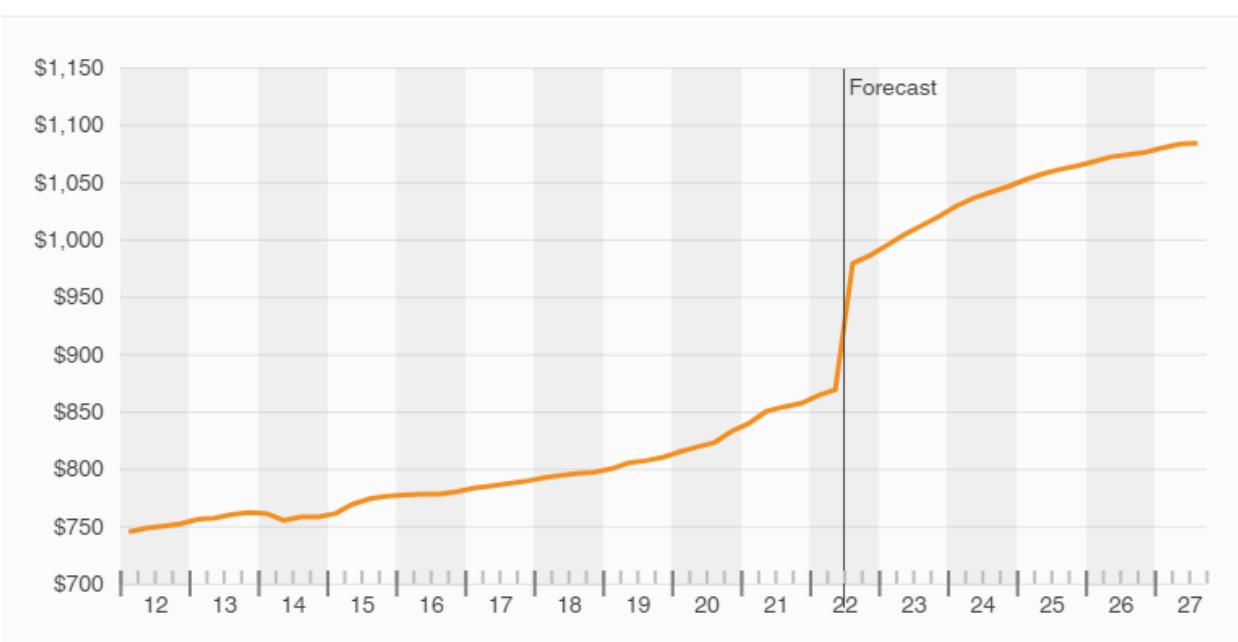
Recent Performance

The following table summarizes key statistics for the surrounding apartment market, as defined by Costar.

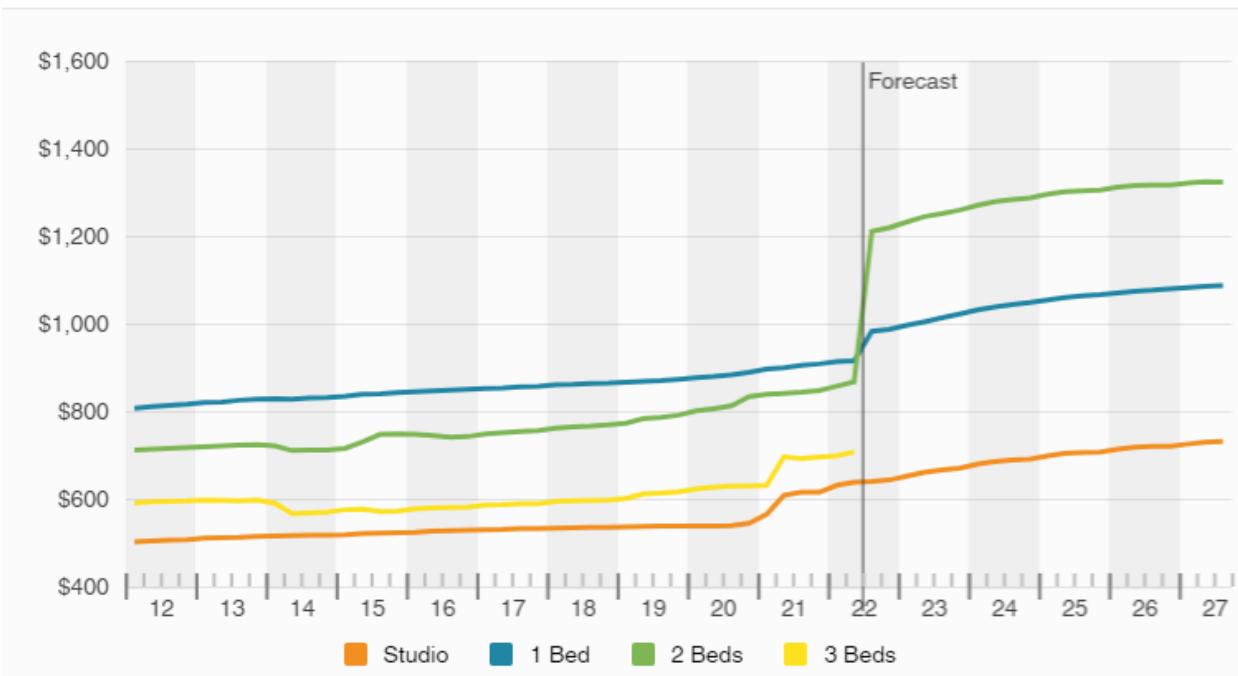
INVENTORY UNITS	UNDER CONSTRUCTION UNITS	12 MO ABSORPTION UNITS	VACANCY RATE	MARKET RENT/UNIT	MARKET SALE PRICE/UNIT	MARKET CAP RATE
968 +2.0%	384 +201.8%	16 -48.3%	7.8% +0.1%	\$869 +2.2%	\$79.9K +8.7%	7.6% +0%
Prior Period 949	Prior Period 127	Prior Period 30	Prior Period 7.7%	Prior Period \$850	Prior Period \$73.5K	Prior Period 7.6%

Availability		Inventory	
Vacant Units	75 ▲	Existing Buildings	31 ◆
Asking Rent/SF	\$1.12 ▲	Average Units Per Bldg	31 ◆
Concession Rate	0.4% ▼	12 Mo Demolished Units	0 ◆
Studio Asking Rent	\$638 ▲	12 Mo Occupancy % at Delivery	95.8% ▲
1 Bedroom Asking Rent/Unit	\$915 ▲	12 Mo Construction Starts Units	276 ▲
2 Bedroom Asking Rent/Unit	\$868 ▲	12 Mo Delivered Units	19 ▼
3 Bedroom Asking Rent/Unit	\$708 ▲	12 Mo Avg Delivered Units	24 ▼

Market Asking Rent Per Unit



Market Asking Rent Per Unit By Bedroom

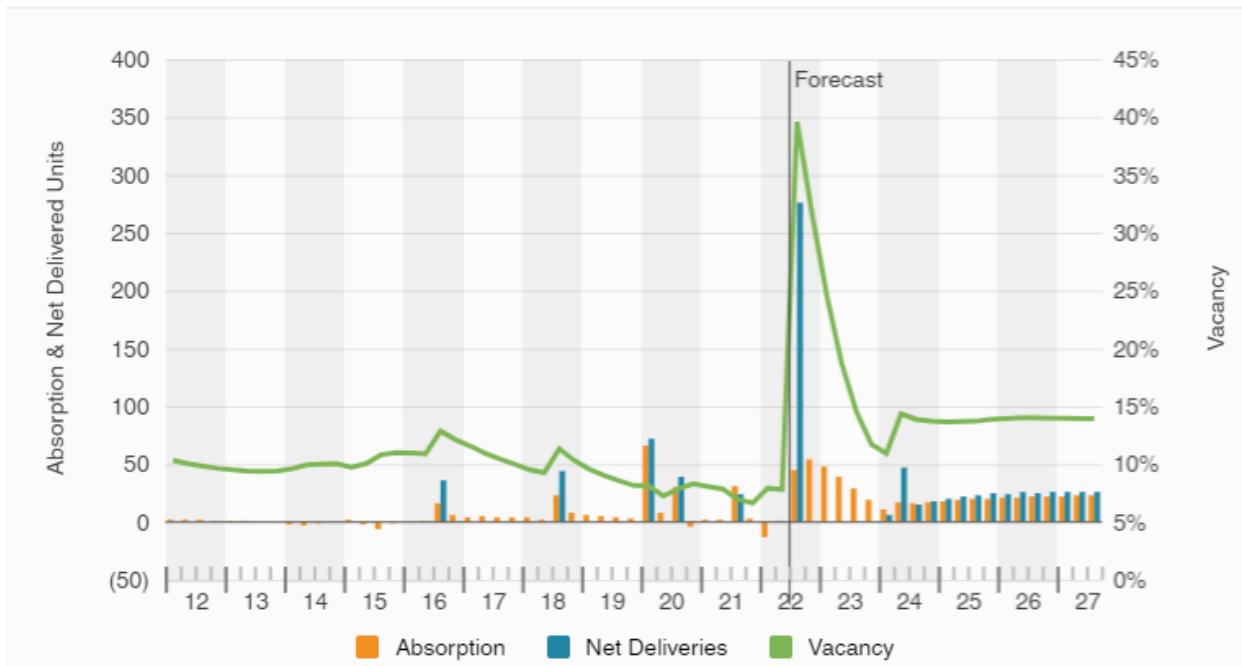


As demonstrated above, there has been a significant amount of new construction in the local area which is expected to increase the rents for all unit types.

Vacancy Rate



Absorption, Net Deliveries & Vacancy



As demonstrated above, there has been a significant amount of new construction in the area which is expected to cause a large increase in the vacancy rates until the properties reach a stabilized occupancy position.

BARRIERS TO ENTRY

- Availability of suitable tracts of land for future apartment development. In Watertown, the downtown area (subject neighborhood) is fully developed, and any new development would likely require the assemblage of multiple parcels and the razing of the improvements. Outside the downtown area there is an abundance of vacant land.
- Ability to obtain adequate construction financing, though apartments have fared much better than other commercial property types.
- Significant rise in construction costs which threatens the financial feasibility of new construction

DEMAND GENERATORS

Demand for apartments is typically driven by population growth and employment characteristics. This information was presented in the previous demographic section and currently showing positive growth within the subject neighborhood.

INVESTMENT TRENDS

PWC NATIONAL APARTMENT MARKET OVERVIEW

The following is taken directly from the 1st Quarter 2022 PwC Real Estate Investor Survey on the national apartment market.

National Apartment Market

Most investors view inflation as a key obstacle to the economy in 2022. Steps to prepare include realistic budgeting on assets, adjusting pro forma projections, using fixed-rate debt, and carefully watching the market.

- “We are conservatively budgeting across our business lines, especially for development costs,” says an investor.
- While investors view the ongoing pandemic as a risk factor, few are significantly changing their investment strategies but are actively monitoring the sector and economic trends.
- This market’s average year-one market rent change assumption rises this quarter in contrast to its average forecast value change expectation, which slips from 3.2% to 2.7%.

FORECAST VALUE CHANGE [NEXT 12 MONTHS]:

Range: (20.0%) – 12.0%

Average: 2.7%

KEY 1Q22 SURVEY STATS*

Total Vacancy Assumption:
Average 4.9% ▼

Range 1.0% to 12.0%

Months of Free Rent(1):
Average 0.8 =

Range Up to 2

% of participants using 90.0% =

Market Conditions Favor:
Buyers 0.0% =

Sellers 60.0% =

Neither 40.0% =

* ▼, ▲, = change from prior quarter
(1) on a ten-year lease

Table 29

NATIONAL APARTMENT MARKET

First Quarter 2022

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	5.00% – 10.00%	5.00% – 10.00%	5.00% – 10.00%	5.25% – 10.00%	5.50% – 10.00%
Average	6.62%	6.63%	6.73%	7.11%	7.24%
Change (Basis Points)		- 1	- 11	- 49	- 62
OVERALL CAP RATE (OAR)^a					
Range	3.00% – 7.00%	3.00% – 7.00%	3.50% – 7.00%	3.50% – 7.00%	3.50% – 8.00%
Average	4.40%	4.42%	5.04%	5.03%	5.33%
Change (Basis Points)		- 2	- 64	- 63	- 93
RESIDUAL CAP RATE					
Range	3.50% – 7.00%	3.50% – 7.00%	4.00% – 7.00%	4.00% – 7.00%	4.25% – 8.00%
Average	4.81%	4.79%	5.42%	5.39%	5.75%
Change (Basis Points)		+ 2	- 61	- 58	- 94
MARKET RENT CHANGE^b					
Range	0.00% – 15.00%	0.00% – 15.00%	(5.00%) – 3.50%	0.00% – 5.00%	0.00% – 5.00%
Average	3.84%	3.55%	0.75%	2.64%	2.80%
Change (Basis Points)		+ 29	+ 309	+ 120	+ 104
EXPENSE CHANGE^b					
Range	0.00% – 6.00%	0.00% – 5.00%	0.00% – 8.00%	0.00% – 3.00%	2.00% – 4.00%
Average	3.00%	2.90%	2.98%	2.60%	2.73%
Change (Basis Points)		+ 10	+ 2	+ 40	+ 27
MARKETING TIME^c					
Range	1 – 12	1 – 12	1 – 12	1 – 9	1 – 9
Average	4.3	4.2	5.3	3.8	3.9
Change (▼, ▲, =)		▲	▼	▲	▲

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

COMPETITIVE PROPERTIES

Comparable properties were surveyed in order to identify the current occupancy within the competitive market. The comparable data is summarized in the following table:

SUMMARY OF COMPARABLE MULTIFAMILY RENTALS				
Comp. No.	Name	Location	Distance from Subject	Occupancy
1	Generations on 1st	26 1st Avenue SW, Watertown, SD	0.4 Miles	N/A
2	Parkside Place	8 2nd St NE, Watertown, SD	0.1 Miles	100%
3	One Willow Creek	2000 Kemp Place East, Watertown, SD	1.2 Miles	100%
4	The Lofts	10 North Broadway Street, Watertown, SD	0.3 Miles	95%
5	Flats on 8th	22 8th Avenue SW, Watertown, SD	0.8 Miles	100%
Subject The Ruins		315 E Kemp Avenue, Watertown, South Dakota		0%
Compiled by CBRE				

The majority of comparable properties surveyed reported occupancy rates of 95% or better (excluding comparable one as it is in lease up mode), and all are currently in good condition and represent new construction.

SUBJECT ANALYSIS

Absorption

ONE & TWO WILLOW CREEK

The appraisers spoke with the property manager at One Willow Creek and Two Willow Creek and we were informed that the properties are operating at a stabilized position and lease up was very successful (hence the Phase II construction).

PARKSIDE PLACE

Parkside Place is a property in Watertown that first opened its doors in July 2021. The property was reported to have an absorption rate of 14 units per month.

THE LOFTS

The Lofts is a new construction property in downtown Watertown. The property opened in August 2020 and was full within 8 months. This indicates an absorption rate of approximately 5 units per month.

Conclusion

After discussions with the market participants and considering the developers projections, we have concluded to a conservative absorption period of 6 months.

Occupancy

Based on the foregoing analysis, CBRE, Inc.'s conclusion of stabilized occupancy for the subject is illustrated in the following table. This estimate considers both the physical and economic factors of the market.

OCCUPANCY CONCLUSIONS	
Watertown Area - CoStar Analytics	92.2%
Rent Comparables	95% - 100%
Subject's Occupancy at Completion	20.0%
Subject's Stabilized Occupancy	96.0%
Lease-up Period	6 Months
Compiled by CBRE	

Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

AS VACANT

Legal Permissibility

The legally permissible uses were discussed in the Site Analysis and Zoning Sections.

Physical Possibility

The subject is adequately served by utilities, and has an adequate shape and size, sufficient access, etc., to be a separately developable site. There are no known physical reasons why the subject site would not support any legally probable development (i.e. it appears adequate for development). Existing structures on similar sites provides additional evidence for the physical possibility of development.

Financial Feasibility

Potential uses of the site include various retail, office and multifamily uses. The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. As discussed in the market analysis, the subject multifamily market is generally stabilized and development of new multifamily properties has occurred in the past few years. However, based upon our analysis (specifically the cost approach and inclusion of external obsolescence) new construction is not financially feasible.

Development of a build-to-suit structure for a specific tenant/owner is also considered financially feasible.

Maximum Productivity - Conclusion

The final test of highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land.

Based on the information presented above and upon information contained in the market and neighborhood analysis, we conclude that the highest and best use of the subject as if vacant would be to hold for future commercial use when market conditions improve.

AS PROPOSED

Legally Permissible

As discussed, the subject site's zoning and legal restrictions permit a variety of land uses. The site has been proposed to be improved with a multifamily/apartment development with main floor commercial space that will be a legal, conforming use.

Physically Possible

The layout and positioning of the improvements are considered functional for mixed-use, specifically apartment/commercial use. While it would be physically possible for a wide variety of uses, based on the legal restrictions and the design of the improvements, the proposed use of the property for commercial/apartment users would be the most functional use.

Financially Feasible

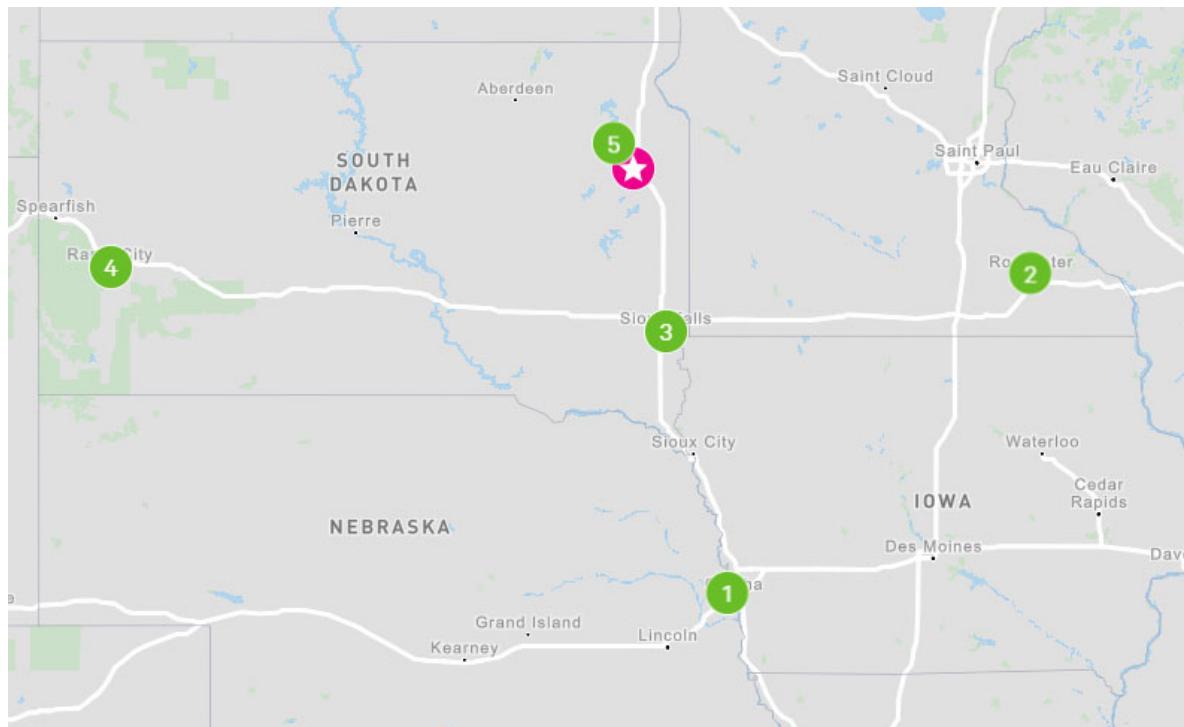
In the as stabilized condition, the site improvements will be contributing significantly to the overall property value, as demonstrated by the market. The site improvements will have a substantial amount of remaining economic life and have good functional utility. The subject property is expected to be financially feasible under an appropriate debt structure. Further, the value of the improvements detailed clearly exceeds the underlying land value.

Maximally Productive

The maximally profitable use of the subject as improved should conform to neighborhood trends and be consistent with existing land uses. Although several uses may generate sufficient revenue to satisfy the required rate of return on investment and provide a return on the land, the single use that produces the highest price or value is typically the highest and best use. As shown in the applicable valuation sections, buildings that are similar to the subject have been acquired by investors and continue to be used for mixed-use such as commercial/multifamily use. None of the comparable buildings have been acquired for conversion to an alternative use. These comparables would indicate that the maximally productive use of the property is consistent with the proposed use as an apartment property with main floor commercial space.

Land Value

The following map and table summarize the comparable data used in the valuation of the subject site. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE LAND SALES											
No.	Property Location	Transaction Type	Date	Proposed Use	Actual Sale Price	Adjusted Sale Price ¹	Size (SF)	Density (UPA)	Allowable Units	Price Per SF	Price Per Bldg Unit
1	6220 Maple St Omaha, NE 68104	Sale	Oct-20	Mixed-Use Development	\$715,000	\$745,000	25,265	137.93	80	\$29.49	\$9,313
2	SWC Broadway Ave N & 5th St NW Rochester, MN 55901	Sale	Sep-20	Mixed-Use Development	\$2,087,820	\$2,117,820	48,723	160.93	180	\$43.47	\$11,766
3	417 S 2nd Ave Sioux Falls, SD 57104	Sale	Aug-20	Apartments	\$330,000	\$330,000	15,707	127.57	46	\$21.01	\$7,174
4	100 Saint Joseph Street Rapid City, SD 57701	Sale	Jun-20	Multi-family	\$1,322,486	\$1,322,486	60,113	NAV	NAV	\$22.00	NAV
5	15 1st St NW Watertown, SD 57201	Sale	May-20	Raze & Redevelop for Mixed-use Multifamily & Retail	\$530,000	\$675,000	29,240	104.28	70	\$23.08	\$9,643

Subject	315 E Kemp Avenue, Watertown, South Dakota	---	---	Hold For Future Commercial/Multifamily	---	---	17,000	161.43	63.00	---	---
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¹ Adjusted sale price for cash equivalency and/or development costs (where applicable)
Compiled by CBRE

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

LAND SALES ADJUSTMENT GRID					
Comparable Number	1	2	3	4	5
Transaction Type	Sale	Sale	Sale	Sale	Sale
Transaction Date	Oct-20	Sep-20	Aug-20	Jun-20	May-20
Actual Sale Price	\$715,000	\$2,087,820	\$330,000	\$1,322,486	\$530,000
Adjusted Sale Price ¹	\$745,000	\$2,117,820	\$330,000	\$1,322,486	\$675,000
Size (Acres)	0.58	1.12	0.36	1.38	0.67
Size (SF)	25,265	48,723	15,707	60,113	29,240
Price Per SF	\$29.49	\$43.47	\$21.01	\$22.00	\$23.08
Price (\$ PSF)	\$29.49	\$43.47	\$21.01	\$22.00	\$23.08
Property Rights Conveyed	0%	0%	0%	0%	0%
Financing Terms ¹	0%	0%	0%	0%	0%
Conditions of Sale	0%	0%	0%	0%	0%
Market Conditions (Time)	5%	5%	5%	6%	6%
Subtotal	\$30.96	\$45.64	\$22.06	\$23.32	\$24.46
Size	0%	10%	0%	10%	0%
Shape	0%	0%	0%	0%	0%
Topography	0%	0%	0%	0%	0%
Location	0%	-30%	-10%	-10%	0%
Zoning/Density	0%	0%	0%	0%	0%
Utilities	0%	0%	0%	0%	0%
Total Other Adjustments	0%	-20%	-10%	0%	0%
Value Indication for Subject	\$30.96	\$36.51	\$19.85	\$23.32	\$24.46
Absolute Adjustment	5%	45%	15%	26%	6%

¹ Adjusted sale price for cash equivalency and/or development costs (where applicable)

Compiled by CBRE

Prior to making any adjustments the comparable sales indicated an unadjusted sales price range from \$21.01 to \$43.47 per square foot, with an average of \$27.81 per square foot.

After making all the applicable adjustments the comparables indicated an adjusted sale price range from \$19.85 to \$36.51 per square foot, with an average of \$27.02 per square foot. If we were to exclude the high and low comparables the indicated adjusted sale price range is from \$23.32 to \$30.96 per square foot, with an average of \$26.25 per square foot.

CONCLUSION

Comparable 5 is located in Watertown and has been given primary emphasis. Based on the preceding analysis, the appraisers have concluded to a land value of \$25.00 per square foot.

CONCLUDED LAND VALUE			
\$ PSF	Subject SF	Total	
\$25.00	x 17,000	=	\$425,000
Indicated Value:			\$430,000
(Rounded \$ PSF)		\$25.29	

Compiled by CBRE

Cost Approach

In estimating the replacement cost new for the subject, the following methods/data sources have been utilized (where available):

- the comparative unit method, utilizing the Marshall Valuation Service (MVS) cost guide, published by Marshall and Swift, LLC;
- the subject's budgeted construction costs

MARSHALL VALUATION SERVICE

Direct Cost

Salient details regarding the direct costs are summarized in the Cost Approach Conclusion at the end of this section. The MVS cost estimates include the following:

1. average architect's and engineer's fees for plans, plan check, building permits and survey(s) to establish building line;
2. normal interest in building funds during the period of construction plus a processing fee or service charge;
3. materials, sales taxes on materials, and labor costs;
4. normal site preparation including finish grading and excavation for foundation and backfill;
5. utilities from structure to lot line figured for typical setback;
6. contractor's overhead and profit, including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities, security, etc.;
7. site improvements (included as lump sum additions); and
8. initial tenant improvement costs are included in MVS cost estimate. However, additional lease-up costs such as advertising, marketing and leasing commissions are not included.

Base building costs (direct costs) are adjusted to reflect the physical characteristics of the subject. Making these adjustments, including the appropriate local and current cost multipliers, the direct building cost is indicated.

Additions

Items not included in the direct building cost estimate include parking and walks, signage, landscaping, and miscellaneous site improvements. The cost for these items is estimated separately using the segregated cost sections of the MVS cost guide.

Indirect Cost Items

Several indirect cost items are not included in the direct building cost figures derived through the MVS cost guide. These items include developer overhead (general and administrative costs), property taxes, legal and insurance costs, local development fees and contingencies, lease-up and marketing costs and miscellaneous costs.

MVS Conclusion

The concluded direct and indirect building cost estimates obtained via the MVS cost guide are illustrated as follows:

MARSHALL VALUATION SERVICE COST SCHEDULE			
Primary Building Type:	Multifamily	Height per Story:	10'
Effective Age:	0 YRS	Number of Buildings:	1
Condition:	New	Gross Building Area:	100,908 SF
Exterior Wall:	Stucco	Net Rentable Area:	51,333 SF
Number of Units:	63	Average Unit Size:	815 SF
Number of Stories:	4	Average Floor Area:	25,227 SF
MVS Sec/Page		Sec 12 Pg. 16	Sec. 15 Pg. 17
Quality/Bldg. Class		Average to Good/D	Average to Good/D
Building Component		Apartment	Retail
Component Sq. Ft.		75,681 SF	1,200 SF
Base Square Foot Cost		\$100.00	\$175.00
Square Foot Refinements			
Heating and Cooling		\$4.09	\$10.30
Sprinklers		\$2.25	\$2.25
Subtotal		\$106.34	\$187.55
Height and Size Refinements			
Number of Stories Multiplier		1.000	1.000
Height per Story Multiplier		1.000	1.000
Floor Area Multiplier		1.000	1.000
Subtotal		\$106.34	\$187.55
Cost Multipliers			
Current Cost Multiplier		1.31	1.07
Local Multiplier		0.94	0.94
Final Square Foot Cost		\$130.95	\$188.64
Base Component Cost		\$9,910,206	\$226,365
Base Building Cost	(via Marshall Valuation Service cost data)		\$11,424,191
Additions			
Signage, Landscaping & Misc. Site Improvements (not included above)			\$300,000
Parking/Walks (not included above)			\$50,000
Appliances/FF&E			\$315,000
Direct Building Cost			\$12,089,191
Indirect Costs	7.5% of Direct Building Cost		\$906,689
Direct and Indirect Building Cost			\$12,995,880
Rounded			\$12,996,000

Compiled by CBRE

ACTUAL/BUDGET COMPARABLE CONSTRUCTION COSTS

The subject's budgeted construction costs are illustrated in the following table. A detailed breakdown of the subject's cost estimate has been included in the Addenda.

CONSTRUCTION COSTS	
Comparable:	Subject
Name:	
Property Type	Multi-family
Year of Cost Data	Mid/High Rise
Cost Data Based Upon...	2022
Size (SF):	Budget
	100,908
Cost Component	
Direct Cost	\$13,950,000
Indirect Cost	
Lease-up Cost	
Total Direct, Indirect & Lease-up	\$13,950,000
Cost Adjustment	\$0
Total Adjusted Costs	\$13,950,000
Rounded	\$13,950,000
Cost Per SF	\$138.24
Compiled by CBRE	

DIRECT AND INDIRECT COST CONCLUSION

The indicated direct and indirect building costs for the subject are illustrated as follows:

DIRECT AND INDIRECT COST CONCLUSION		
Source	Subject Estimate	Per SF
MVS Cost Guide	\$12,996,000	\$128.79
Subject's Budget Cost Est.	\$13,950,000	\$138.24
CBRE Estimate	\$13,473,000	\$133.52
Compiled by CBRE		

The appraisers have put equal emphasis on the MVS Cost Guide and the subject budget.

ENTREPRENEURIAL PROFIT

Entrepreneurial profit represents the return to the developer and is separate from contractor's overhead and profit.

ACCRUED DEPRECIATION

There are essentially three sources of accrued depreciation:

1. physical deterioration, both curable and incurable;
2. functional obsolescence, both curable and incurable; and
3. external obsolescence.

Physical Deterioration

The following chart provides a summary of the remaining economic life.

ECONOMIC AGE AND LIFE	
Actual Age	0 Years
Effective Age	0 Years
MVS Expected Life	55 Years
Remaining Economic Life	55 Years
Accrued Physical Incurable Depreciation	0.0%
Compiled by CBRE	

At the time of stabilization, the property will be 1 year old.

External Obsolescence

External obsolescence is estimated by the capitalization of income loss. As the subject produces income, the income loss caused by the external obsolescence can be capitalized into an estimate of the loss in total property value. As the land value is not impacted, the entire amount is attributed to the improvements. For the purpose of this approach, the external obsolescence affecting the subject is calculated in the following table:

EXTERNAL OBSOLESCENCE	
Cost Feasible NOI:	\$724,389
Pro-Forma Stabilized NOI:	\$589,418
NOI Differential:	\$134,971
Capitalized at:	4.75%
External Obsolescence:	(\$2,841,499)
Compiled by CBRE	

The cost feasible NOI is based on the depreciated cost of the improvements plus land value, multiplied by the current capitalization rate. The pro forma stabilized NOI is taken from the direct capitalization schedule and supported by the assumptions in the appraisal report.

COST APPROACH CONCLUSION

The value estimate is calculated as follows.

COST APPROACH CONCLUSION

Primary Building Type:	Multifamily	Height per Story:	10'
Effective Age:	0 YRS	Number of Buildings:	1
Condition:	New	Gross Building Area:	100,908 SF
Exterior Wall:	Stucco	Net Rentable Area:	51,333 SF
Number of Units:	63	Average Unit Size:	815 SF
Number of Stories:	4	Average Floor Area:	25,227 SF

Direct and Indirect Building Cost \$13,473,000

Entrepreneurial Profit 10.0% of Total Building Cost \$1,347,300

Replacement Cost New \$14,820,300

Accrued Depreciation

Incurable Physical Deterioration	0.0% of Replacement Cost New less Curable Physical Deterioration	\$0
Functional Obsolescence		\$0
External Obsolescence		<u>(\$2,841,499)</u>
Total Accrued Depreciation	19.2% of Replacement Cost New	<u>(\$2,841,499)</u>

Depreciated Replacement Cost \$11,978,801

Land Value \$430,000

Indicated Stabilized Value \$12,408,801

Rounded **\$12,410,000**

Curable Physical Deterioration \$0
Lease-Up Discount (\$670,000)

Indicated Value As Complete **\$11,740,000**

Remaining Construction Costs (\$4,760,000)

Indicated Value As Is **\$6,980,000**

Compiled by CBRE

Insurable Replacement Cost

Insurable Replacement Cost is defined as follows:

1. the value of an asset or asset group that is covered by an insurance policy; can be estimated by deducting costs of noninsurable items (e.g., land value) from market value.
2. The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).⁶

CBRE, Inc. has followed traditional appraisal standards to develop a reasonable calculation based upon industry practices and industry-accepted publications such as the Marshall Valuation Service. The methodology employed is a derivation of the cost approach and is not reliable for Insurable Replacement Cost estimates. Actual construction costs and related estimates can vary greatly from this estimate.

The Insurable Replacement Cost estimate presented herein is intended to reflect the value of the destructible portions of the subject, based on the replacement of physical items that are subject to loss from hazards (excluding indestructible items such as basement excavation, foundation, site work, land value and indirect costs). In the case of the subject, this estimate is based upon the base building costs (direct costs) as obtained via the Marshall Valuation Service cost guide, with appropriate deductions.

This analysis should not be relied upon to determine proper insurance coverage as only consultants considered experts in cost estimation and insurance underwriting are qualified to provide an Insurable Replacement Cost. It is provided to aid the client/reader/user as part of their overall decision-making process and no representations or warranties are made by CBRE, Inc. regarding the accuracy of this estimate. It is strongly recommended that other sources be utilized to develop any estimate of Insurable Replacement Cost.

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), 119.

INSURABLE REPLACEMENT COST

Primary Building Type:	Multifamily	Height per Story:	10'
Effective Age:	0 YRS	Number of Buildings:	1
Condition:	New	Gross Building Area:	100,908 SF
Exterior Wall:	Stucco	Net Rentable Area:	51,333 SF
Number of Units:	63	Average Unit Size:	815 SF
Number of Stories:	4	Average Floor Area:	25,227 SF

MVS Sec/Page	Sec 12 Pg. 16	Sec. 15 Pg. 17	Sec. 11 Pg. 19
Quality/Bldg. Class	Average to Good/D	Average to Good/D	Average/D
Building Component		Apartment	Retail
Component Sq. Ft.	75,681 SF	1,200 SF	24,027 SF
Base Square Foot Cost	\$100.00	\$175.00	\$38.75

Square Foot Refinements

Heating and Cooling	\$4.09	\$10.30	\$3.54
Sprinklers	\$2.25	\$2.25	\$2.25
Subtotal	\$106.34	\$187.55	\$44.54

Height and Size Refinements

Number of Stories Multiplier	1.000	1.000	1.000
Height per Story Multiplier	1.000	1.000	1.000
Floor Area Multiplier	1.000	1.000	1.000
Subtotal	\$106.34	\$187.55	\$44.54

Cost Multipliers

Current Cost Multiplier	1.31	1.07	1.28
Local Multiplier	0.94	0.94	0.94
Final Square Foot Cost	\$130.95	\$188.64	\$53.59

Base Component Cost	\$9,910,206	\$226,365	\$1,287,620
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Base Building Cost	(via Marshall Valuation Service cost data)	\$11,424,191
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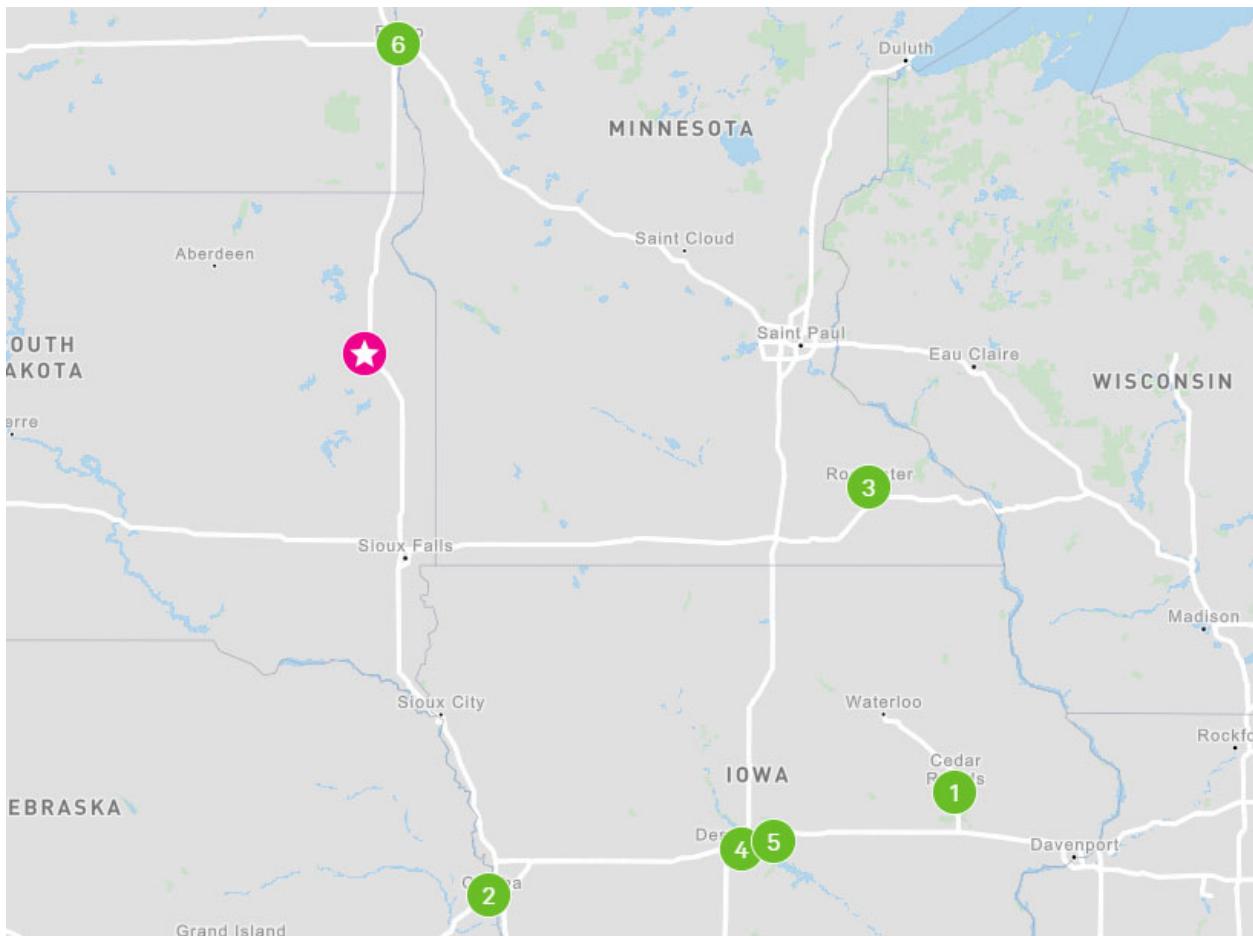
Insurable Exclusions	5.0% of Total Building Cost	(\$571,210)
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Indicated Insurable Replacement Cost	\$10,852,981
Rounded	\$10,850,000
Value Per Unit	\$172,222

Compiled by CBRE

Sales Comparison Approach

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE MULTIFAMILY SALES												
No.	Property Name	Transaction Type	Date	YOC / Reno'd	No. Units	Avg. Unit Size	Actual Sale Price	Adjusted Sale Price ¹	Price Per Unit ¹	Occ.	NOI Per Unit	OAR
1	The Metropolitan, 450 1st Street SW Cedar Rapids, IA 52404	Sale	May-22	2017	22	1,114	\$6,100,000	\$6,100,000	\$277,273	100%	\$13,234	4.77%
2	M34 Apartments, 3412 Dodge Street Omaha, NE 68131	Sale	Jan-22	2019	28	1,048	\$5,150,000	\$5,150,000	\$183,929	93%	\$6,804	3.70%
3	The Hue, 324 1st Avenue Southwest Rochester, MN 55902	Sale	Dec-21	2020	50	567	\$14,400,000	\$14,400,000	\$288,000	98%	\$13,694	4.75%
4	Flux Apartments, 1400 Walnut St Des Moines, IA 50309	Sale	Dec-21	2018	90	612	\$15,880,000	\$13,880,000	\$154,222	98%	\$7,732	5.01%
5	Velocity, 200 Des Moines Street Des Moines, IA 50309	Sale	Dec-21	2018	115	918	\$27,310,000	\$23,759,700	\$206,606	98%	NAV	NAV
6	Woodrow Wilson, 315 University Dr N 1224 4th Ave N Fargo, ND 58102	Sale	Oct-21	1917 / 2017	97	809	\$19,000,000	\$19,000,000	\$195,876	93%	\$8,586	4.38%
Subj: The Ruins, Pro 315 E Kemp Forma Watertown, SD 57201		---	---	2023	63	815	---	---	---	96%	\$9,356	4.75%

¹ Adjusted sale price for cash equivalency, lease-up and/or deferred maintenance (where applicable)
Compiled by CBRE

The unit of comparison selected within this approach is the price per dwelling unit. The sales utilized represent the best data available for comparison with the subject. They were selected from our research of comparable improved sales within similar sized communities and/or downtown location similar to the subject. The comparables were chosen based upon their age, location, unit sizes, number of units and overall comparability to the subject.

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

MULTIFAMILY SALES ADJUSTMENT GRID							
Comparable Number	1	2	3	4	5	6	Subj. Pro Forma
Transaction Type	Sale	Sale	Sale	Sale	Sale	Sale	---
Transaction Date	May-22	Jan-22	Dec-21	Dec-21	Dec-21	Oct-21	---
Year Built/Renovated	2017	2019	2020	2018	2018	1917 / 2017	2023
No. Units	22	28	50	90	115	97	63
Avg. Unit Size	1,114	1,048	567	612	918	809	815
Actual Sale Price	\$6,100,000	\$5,150,000	\$14,400,000	\$15,880,000	\$27,310,000	\$19,000,000	---
Adjusted Sale Price ¹	\$6,100,000	\$5,150,000	\$14,400,000	\$13,880,000	\$23,759,700	\$19,000,000	---
Price Per Unit ¹	\$277,273	\$183,929	\$288,000	\$154,222	\$206,606	\$195,876	---
Occupancy	100%	93%	98%	98%	98%	93%	96%
NOI Per Unit	\$13,234	\$6,804	\$13,694	\$7,732	NAV	\$8,586	\$9,356
OAR	4.77%	3.70%	4.75%	5.01%	NAV	4.38%	4.75%
Adj. Price Per Unit	\$277,273	\$183,929	\$288,000	\$154,222	\$206,606	\$195,876	
Property Rights Conveyed	0%	0%	0%	0%	0%	0%	
Financing Terms ¹	0%	0%	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	0%	0%	
Market Conditions (Time)	4%	5%	5%	5%	5%	6%	
Subtotal - Price Per Unit	\$288,364	\$193,125	\$302,400	\$161,933	\$216,936	\$207,629	
Age/Condition	5%	3%	0%	3%	3%	15%	
Quality of Construction	0%	0%	0%	0%	0%	20%	
Project Amenities	0%	10%	0%	0%	0%	0%	
Parking	5%	0%	5%	0%	0%	0%	
Avg. Unit Size	-10%	-10%	20%	10%	-5%	0%	
Location	-10%	-20%	-30%	-10%	-10%	-10%	
Size	0%	0%	0%	0%	0%	0%	
Retail/Commercial Space	-10%	0%	-20%	0%	0%	-20%	
Total Other Adjustments	-20%	-17%	-25%	3%	-12%	5%	
Indicated Value Per Unit	\$230,691	\$160,294	\$226,800	\$166,791	\$190,904	\$218,010	
Absolute Adjustment	44%	48%	80%	28%	23%	71%	

¹ Adjusted for cash equivalency, lease-up and/or deferred maintenance (where applicable)

Compiled by CBRE

Prior to making any adjustments the comparables indicated a sale price range from \$154,222 to \$288,000 per unit, with an average of \$217,651 per unit.

After making all the applicable adjustments, the comparables indicated an adjusted sale price range from \$160,294 to \$230,691 per unit, with an average of \$198,915 per unit. If we were to exclude the high and low comparables, the indicated average is \$200,696 per unit.

Based upon the comparables illustrated above, we have concluded to a value for the apartment units at \$195,000 per unit.

SALES COMPARISON APPROACH CONCLUSION

The following table presents the estimated value for the subject as indicated by the sales comparison approach.

SALES COMPARISON APPROACH

Total Units	X	Value Per Unit	=	Value
63	X	\$160,294	=	\$10,098,506
63	X	\$195,000	=	\$12,285,000
63	X	\$230,691	=	\$14,533,527

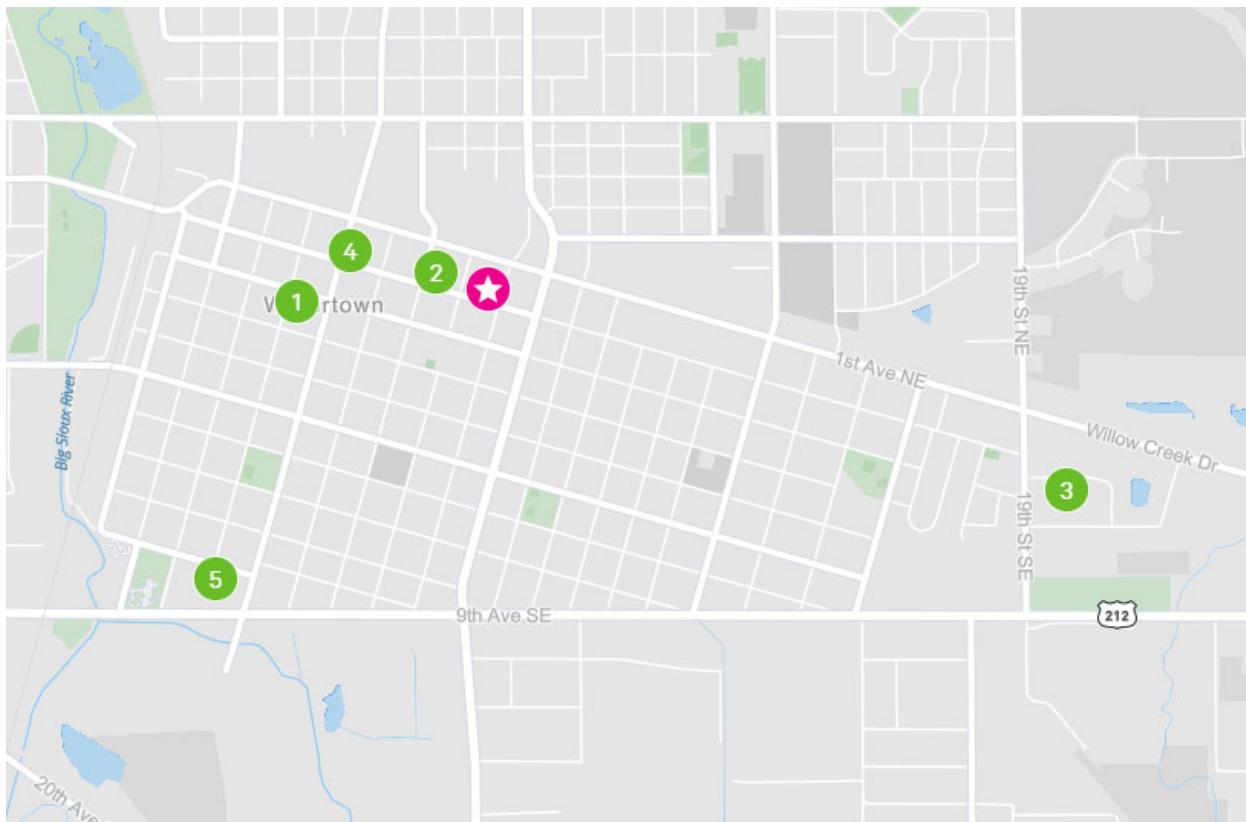
VALUE CONCLUSION

Indicated Stabilized Value	\$12,290,000
Deferred Maintenance	\$0
Lease-Up Discount	<u>(\$670,000)</u>
Indicated Value As Complete	\$11,620,000
Remaining Construction Costs	<u>(\$4,760,000)</u>
Indicated Value As Is	\$6,860,000

Compiled by CBRE

Income Capitalization Approach

The following map and table summarize the primary comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE MULTIFAMILY RENTALS

No.	Property Name	Location	YOC / Reno'd	Property Subtype	Occ.	No. Units	Distance from Subj
1	Generations on 1st	26 1st Avenue SW Watertown, SD 57201	2022	Multi-unit Senior	0%	72	0.4 Miles
2	Parkside Place	8 2nd St NE Watertown, SD 57201	2021	Multi-unit Walk-up	100%	36	0.1 Miles
3	One Willow Creek	2000 Kemp Place East Watertown, SD 57201	2016	Multi-unit Mid / High Rise	100%	36	1.2 Miles
4	The Lofts	10 North Broadway Street Watertown, SD 57201	2020	Multi-unit Mid / High Rise	95%	39	0.3 Miles
5	Flats on 8th	22 8th Avenue SW Watertown, SD 57201	2021	Multi-unit Garden	100%	24	0.8 Miles
Subj.	The Ruins	315 E Kemp Avenue, Watertown, South Dakota	2023	Multi-family Mid/High Rise	0%	63	---

Compiled by CBRE

The rentals utilized represent the best data available for comparison with the subject. They were selected from our research within the greater Watertown area.

SUBJECT RENTAL INFORMATION

The following table shows the subject's unit mix and quoted rental rates as of the date of completion.

SUBJECT RENTAL INFORMATION					
Type	No. of Units	Unit Size (SF)	Unit Occ.	Avg. Quoted \$/Unit	Rent Per SF
1BD/1Ba	36	716	0%	\$1,255	\$1.75
2BD/1Ba	15	1,195	0%	\$1,575	\$1.32
Studio	12	636	0%	\$955	\$1.50
Total/Average:	63	815	0%	\$1,274	\$1.56

Compiled by CBRE

MARKET RENT ESTIMATE

In order to estimate the market rates for the various floor plans, the subject unit types have been compared with similar units in the comparable projects. The following is a discussion of each unit type. Please note that our concluded market rents are as of our date of inspection and will later be grown to the date of stabilization.

Studio and One-Bedroom Units

SUMMARY OF COMPARABLE RENTALS STUDIO AND ONE BEDROOM UNITS				
Comparable	Plan Type	Size (SF)	Rental Rates	
			\$/Mo.	\$/SF
Flats on 8th	Studio	347 SF	\$675	\$1.95
Flats on 8th	1BR/1BA	530 SF	\$785	\$1.48
The Lofts	1BR/1BA	568-689	\$920	\$1.46
Subject (Avg. Quoted)	Studio	636 SF	\$955	\$1.50
Subject (Concluded Mkt.)	Studio	636 SF	\$900	\$1.42
One Willow Creek	1BR/1BA	681-732	\$815 - \$915	\$1.22
Subject (Avg. Quoted)	1BD/1Ba	716 SF	\$1,255	\$1.75
Subject (Concluded Mkt.)	1BD/1Ba	716 SF	\$1,000	\$1.40
Parkside Place	1BR/1BA	750-778	\$965	\$1.26
Generations on 1st	1 BR/1 BA	945 SF	\$985	\$1.04

Compiled by CBRE

Based upon the comparables illustrated above, it appears that the subject's quoted rents (at completion of construction) are above market levels. The appraisers market rents are as of our date of inspection and will be grown to the date of stabilization later in this report.

Two-Bedroom Units

SUMMARY OF COMPARABLE RENTALS TWO BEDROOM UNITS				
Comparable	Plan Type	Size (SF)	Rental Rates	
			\$/Mo.	\$/SF
Flats on 8th	2BR/1BA	830 SF	\$975	\$1.17
The Lofts	2BR/1BA	964 SF	\$1,275	\$1.32
One Willow Creek	2BR/2BA	1,114-1,697	\$1,250 - \$1,795	\$1.08
Subject (Avg. Quoted)	2BD/1Ba	1,195 SF	\$1,575	\$1.32
Subject (Concluded Mkt.)	2BD/1Ba	1,195 SF	\$1,400	\$1.17
Generations on 1st	2 BR/2 BA	1,375 SF	\$1,475	\$1.07

Compiled by CBRE

Based upon the comparables illustrated above, it appears that the subject's quoted rents (at completion of construction) are above market levels. The appraisers market rents are as of our date of inspection and will be grown to the date of stabilization later in this report.

MARKET RENT CONCLUSIONS

The following chart shows the market rent conclusions for the subject:

MARKET RENT CONCLUSIONS										
No.	Unit	Unit	Monthly Rent			Annual Rent		Annual		
Units	Unit Type	Size (SF)	Total SF	\$/Unit	\$/SF	PRI	\$/Unit	\$/SF	Total	
36	1BD/1Ba	716	25,776	\$1,000	\$1.40	\$36,000		\$12,000	\$16.76	\$432,000
15	2BD/1Ba	1,195	17,925	\$1,400	\$1.17	\$21,000		\$16,800	\$14.06	\$252,000
12	Studio	636	7,632	\$900	\$1.42	\$10,800		\$10,800	\$16.98	\$129,600
63		815	51,333	\$1,076	\$1.32	\$67,800		\$12,914	\$15.85	\$813,600

Compiled by CBRE

POTENTIAL RENTAL INCOME CONCLUSION

Within this analysis, potential rental income is estimated based upon our market rent conclusions. Please note that all income and expenses concluded in this section will be grown to our estimated date of stabilization.

COMMERCIAL SPACE – CITY OF WATERTOWN

As illustrated previously, a portion of the first floor will be leased to the city of Watertown. The space will be leased for 99 years for \$1 annually.

OPERATING HISTORY

The following table presents available operating data for the subject.

OPERATING HISTORY

Year-Occupancy	ProForma	98.0%	CBRE	Estimate	96.0%
	Total	\$/Unit	Total ²	\$/Unit	
Income					
Potential Rental Income	\$960,717	\$15,249	\$813,600	\$12,914	
Commercial Income	\$1	\$0	\$1	\$0	
Vacancy	(\$19,700)	(\$313)	(32,544)	(517)	
Storage Income	\$21,840	\$347	16,128	256	
Other Income	\$11,093	\$176	\$25,200	\$400	
Effective Gross Income	\$973,951	\$15,460	\$822,385	\$13,054	
Expenses					
Real Estate Taxes	\$68,705	\$1,091	\$107,825	\$1,712	
Property Insurance	\$15,566	\$247	\$15,435	\$245	
Utilities	\$15,120	\$240	\$31,500	\$500	
Administrative & General	\$1,616	\$26	\$6,300	\$100	
Repairs & Maintenance	\$25,618	\$407	\$31,500	\$500	
Management Fee ¹	\$29,551	\$469	\$28,783	\$457	
Payroll		\$0	\$18,900	\$300	
Advertising & Promotion	\$566	\$9	\$3,150	\$50	
Replacement Reserves		\$0	\$12,600	\$200	
Operating Expenses	\$156,741	\$2,488	\$255,993	\$4,063	
Net Operating Income	\$817,210	\$12,972	\$566,392	\$8,990	
¹ (Mgmt. typically analyzed as a % of EGI)					
		3.0%			3.5%

Source: Operating statements

VACANCY

The subject's estimated stabilized occupancy rate was previously discussed in the market analysis. The subject's vacancy is detailed as follows:

VACANCY		
Year	Total	% PGI
ProForma	\$19,606	2%
Current	-----	100%
CBRE Estimate	\$32,544	4%
CBRE Estimate (Prospective)	\$33,655	4%

Compiled by CBRE

OTHER INCOME

Other income is supplemental to that derived from leasing of the improvements. This includes categories such as forfeited deposits, vending machines, storage units, late charges, etc. The subject's income is detailed as follows:

OTHER INCOME		
Year	Total	\$/Unit
ProForma	\$11,093	\$176
CBRE Estimate	\$25,200	\$400
CBRE Estimate (Prospective)	\$26,061	\$414
Compiled by CBRE		

Similar properties typically have an other income from \$250 - \$500 per unit.

STORAGE INCOME

The property includes 28 storage units that will be leased separately from the apartment units. We have concluded to a storage rent at \$50 per month and have utilized our stabilized occupancy of 96%.

STORAGE INCOME		
Year	Total	\$/Unit
ProForma	\$21,840	\$347
CBRE Estimate	\$16,128	\$256
CBRE Estimate (Prospective)	\$16,679	\$265
Compiled by CBRE		

EFFECTIVE GROSS INCOME

The subject's effective gross income is detailed as follows:

EFFECTIVE GROSS INCOME		
Year	Total	% Change
ProForma	\$973,951	---
CBRE Estimate	\$822,385	-16%
CBRE Estimate (Prospective)	\$850,471	3%
Compiled by CBRE		

OPERATING EXPENSE ANALYSIS

Expense Comparables - Apartments

The following chart summarizes expenses obtained from comparable properties.

EXPENSE COMPARABLES				
Comparable Number	1	2	3	Subject
Location	Rapid City	Sioux Falls	Sartell MN	Watertown, SD
Units	51	85	70	63
Type	Market	Market	Market	Mid/High Rise
Revenues	\$/Unit	\$/Unit	\$/Unit	\$/Unit
Effective Gross Income	\$9,446	\$16,488	\$13,629	\$13,054
Expenses				
Real Estate Taxes	\$777	\$1,740	\$1,372	\$1,712
Property Insurance	\$353	\$222	\$218	\$245
Utilities	\$569	\$628	\$642	\$500
Administrative & General	\$1	\$591	\$191	\$100
Repairs & Maintenance	\$257	\$1,233	\$1,343	\$500
Management Fee ¹	\$0	\$828	\$210	\$457
Payroll	\$0	807	274	\$300
Advertising & Promotion	\$0	\$284	84	\$50
Replacement Reserves	\$0	\$0	-	\$200
Operating Expenses	\$1,957	\$6,333	\$4,335	\$4,063
Operating Expense Ratio	20.7%	38.4%	31.8%	31.1%
¹ (Mgmt. typically analyzed as a % of EGI)	0.0%	5.0%	1.5%	3.5%
² The median total differs from the sum of the individual amounts.				

Compiled by CBRE

A discussion of each expense category is presented on the following pages.

Real Estate Taxes

The comparable data and projections for the subject are summarized as follows:

REAL ESTATE TAXES		
Year	Total	\$/Unit
ProForma	\$68,705	\$1,091
Expense Comparable 1	N/A	\$777
Expense Comparable 2	N/A	\$1,740
Expense Comparable 3	N/A	\$1,372
CBRE Estimate	\$107,825	\$1,712
CBRE Estimate (Prospective)	\$107,825	\$1,712

Compiled by CBRE

Property Insurance

Property insurance expenses typically include fire and extended coverage and owner's liability coverage. The comparable data and projections for the subject are summarized as follows:

PROPERTY INSURANCE		
Year	Total	\$/Unit
ProForma	\$15,566	\$247
Expense Comparable 1	N/A	\$353
Expense Comparable 2	N/A	\$222
Expense Comparable 3	N/A	\$218
CBRE Estimate	\$15,435	\$245
CBRE Estimate (Prospective)	\$15,962	\$253

Compiled by CBRE

Utilities

Utility expenses include electricity, natural gas, water, trash and sewer. The comparable data and projections for the subject are summarized as follows:

UTILITIES		
Year	Total	\$/Unit
ProForma	\$15,120	\$240
Expense Comparable 1	N/A	\$569
Expense Comparable 2	N/A	\$628
Expense Comparable 3	N/A	\$642
CBRE Estimate	\$31,500	\$500
CBRE Estimate (Prospective)	\$32,576	\$517
Compiled by CBRE		

Administrative & General

Administrative expenses typically include legal costs, accounting, telephone, supplies, furniture, temporary help and items that are not provided by off-site management. The comparable data and projections for the subject are summarized as follows:

ADMINISTRATIVE & GENERAL		
Year	Total	\$/Unit
ProForma	\$1,616	\$26
Expense Comparable 1	N/A	\$1
Expense Comparable 2	N/A	\$591
Expense Comparable 3	N/A	\$191
CBRE Estimate	\$6,300	\$100
CBRE Estimate (Prospective)	\$6,515	\$103
Compiled by CBRE		

Repairs and Maintenance

Repairs and maintenance expenses typically include all outside maintenance service contracts and the cost of maintenance and repairs supplies. The comparable data and projections for the subject are summarized as follows:

REPAIRS & MAINTENANCE		
Year	Total	\$/Unit
ProForma	\$25,618	\$407
Expense Comparable 1	N/A	\$257
Expense Comparable 2	N/A	\$1,233
Expense Comparable 3	N/A	\$1,343
CBRE Estimate	\$31,500	\$500
CBRE Estimate (Prospective)	\$32,576	\$517
Compiled by CBRE		

Management Fee

Management expenses are typically negotiated as a percentage of collected revenues (i.e., effective gross income). The comparable data and projections for the subject are summarized as follows:

MANAGEMENT FEE		
Year	Total	% EGI
ProForma	\$29,551	3.0%
CBRE Estimate	\$28,783	3.5%
CBRE Estimate (Prospective)	\$29,766	3.5%

Compiled by CBRE

Payroll

Payroll expenses typically include all payroll and payroll related items for all directly employed administrative personnel. Not included are the salaries or fees for off-site management firm personnel and services. The comparable data and projections for the subject are summarized as follows:

PAYROLL		
Year	Total	\$/Unit
ProForma	\$0	\$0
Expense Comparable 1	N/A	\$0
Expense Comparable 2	N/A	\$807
Expense Comparable 3	N/A	\$274
CBRE Estimate	\$18,900	\$300
CBRE Estimate (Prospective)	\$19,545	\$310

Compiled by CBRE

Advertising and Promotion

Advertising and promotion expenses typically include all costs associated with the promotion of the subject including advertisements in local publications, trade publications, yellow pages, et cetera. The comparable data and projections for the subject are summarized as follows:

ADVERTISING & PROMOTION		
Year	Total	\$/Unit
ProForma	\$566	\$9
Expense Comparable 1	N/A	\$0
Expense Comparable 2	N/A	\$284
Expense Comparable 3	N/A	\$84
CBRE Estimate	\$3,150	\$50
CBRE Estimate (Prospective)	\$3,258	\$52

Compiled by CBRE

Reserves for Replacement

Reserves for replacement have been estimated based on market parameters. The comparable data and projections for the subject are summarized as follows:

REPLACEMENT RESERVES		
Year	Total	\$/Unit
ProForma	\$0	\$0
Expense Comparable 1	N/A	\$0
Expense Comparable 2	N/A	\$0
Expense Comparable 3	N/A	\$0
CBRE Estimate	\$12,600	\$200
CBRE Estimate (Prospective)	\$13,030	\$207
Compiled by CBRE		

OPERATING EXPENSE CONCLUSION

The comparable data and projections for the subject are summarized as follows:

OPERATING EXPENSES		
Year	Total	\$/Unit
ProForma	\$156,741	\$2,488
Expense Comparable 1	N/A	\$1,957
Expense Comparable 2	N/A	\$6,333
Expense Comparable 3	N/A	\$4,335
CBRE Estimate	\$255,993	\$4,063
CBRE Estimate (Prospective)	\$261,053	\$4,144
Compiled by CBRE		

The CBRE estimate is higher than the developers pro forma due to a large real estate tax expense, the inclusion of a payroll expense, a higher utility expense and the inclusion of a replacement reserve. The individual expenses are supported by the cost comparables.

NET OPERATING INCOME CONCLUSION

The comparable data and projections for the subject are summarized as follows:

NET OPERATING INCOME		
Year	Total	\$/Unit
ProForma	\$817,210	\$12,972
CBRE Estimate	\$566,392	\$8,990
CBRE Estimate (Prospective)	\$589,418	\$9,356
Compiled by CBRE		

The CBRE estimate is lower than the developers pro forma due to the lower rental rates and higher operating costs.

DIRECT CAPITALIZATION

Direct capitalization is a method used to convert a single year's estimated stabilized net operating income into a value indication. The following subsections represent different techniques for deriving an overall capitalization rate.

Comparable Sales

The overall capitalization rates (OARs) confirmed for the comparable sales analyzed in the sales comparison approach are as follows:

COMPARABLE CAPITALIZATION RATES					
Sale	Sale Date	Sale Price \$/Unit	Occupancy	Buyer's Primary Analysis	OAR
1	May-22	\$277,273	100%	Pro Forma (Stabilized)	4.77%
2	Jan-22	\$183,929	93%	Trailing Actuals	3.70%
3	Dec-21	\$288,000	98%	Pro Forma (Stabilized)	4.75%
4	Dec-21	\$154,222	98%	Pro Forma (Stabilized)	5.01%
6	Oct-21	\$195,876	93%	Pro Forma (Stabilized)	4.38%
Indicated OAR:		96%	3.70% - 5.01%		
Compiled by: CBRE					

Published Investor Surveys

The results of the most recent investor surveys are summarized in the following chart.

OVERALL CAPITALIZATION RATES		
Investment Type	OAR Range	Average
CBRE Apartments		
Class A	4.52% - 5.34%	4.77%
Class B	4.81% - 5.85%	5.14%
Class C	5.36% - 7.10%	5.82%
PwC Apartment		
National Data	3.00% - 7.00%	4.40%
Indicated OAR:	4.75% - 5.25%	
Compiled by: CBRE		

The subject is considered to be a Class B property. As a result, a capitalization rate of 4.75% - 5.25% is considered applicable to the subject.

Band of Investment

The band of the investment technique has been utilized as a crosscheck to the foregoing techniques. The Mortgage Interest Rate and the Equity Dividend Rate (EDR) are based upon current market yields for similar investments. The analysis is shown in the following table.

BAND OF INVESTMENT	
Mortgage Interest Rate	4.75%
Mortgage Term (Amortization Period)	30 Years
Mortgage Ratio (Loan-to-Value)	80%
Mortgage Constant (monthly payments)	0.06260
Equity Dividend Rate (EDR)	7.00%
Mortgage Requirement	80% x 0.0626 = 0.05008
Equity Requirement	20% x 0.07000 = 0.01400
	100% 0.06408
Indicated OAR:	6.40%
Compiled by: CBRE	

Capitalization Rate Conclusion

The following chart summarizes our capitalization rate conclusion.

OVERALL CAPITALIZATION RATE - CONCLUSION	
Source	Indicated OAR
Comparable Sales	3.70% - 5.01%
Published Surveys	4.75% - 5.25%
Band of Investment	6.40%
CBRE Estimate	4.75%
Compiled by: CBRE	

Primary emphasis has been placed on the comparable sales.

Direct Capitalization Summary

A summary of the direct capitalization is illustrated in the following chart. Please note that the following direct capitalization summary is as of our estimated date of stabilization.

PROSPECTIVE DIRECT CAPITALIZATION SUMMARY		
Income		
Potential Rental Income		\$13,355
Adjusted Rental Income		\$13,355
Commercial Income		0
Vacancy	4.00%	(534)
Credit Loss	0.00%	0.00
Net Rental Income		\$12,821
		\$807,732
Storage Income		265
Other Income		414
Effective Gross Income		\$13,500
		\$850,471
Expenses		
Real Estate Taxes		\$1,712
Property Insurance		253
Utilities		517
Administrative & General		103
Repairs & Maintenance		517
Management Fee	3.50%	472
Payroll		310
Advertising & Promotion		52
Replacement Reserves		207
Operating Expenses		\$4,144
Operating Expense Ratio		30.70%
Net Operating Income		\$9,356
OAR		÷
Prospective Stabilized Value		\$12,408,801
Rounded		\$12,410,000
Deferred Maintenance		-
Lease-Up Discount		(\$670,000)
Indicated Value As Complete		\$11,740,000
Remaining Construction Costs		(\$4,760,000)
Indicated Value As Is		\$6,980,000
Compiled by CBRE		

Reconciliation of Value

The value indications from the approaches to value are summarized as follows:

SUMMARY OF VALUE CONCLUSIONS			
	As Is on July 12, 2022	As Complete on May 1, 2023	As Stabilized on September 1, 2023
Cost Approach	\$6,980,000	\$11,740,000	\$12,410,000
Sales Comparison Approach	\$6,860,000	\$11,620,000	\$12,290,000
Income Capitalization Approach	\$6,980,000	\$11,740,000	\$12,410,000
Reconciled Value	\$6,980,000	\$11,740,000	\$12,410,000

Compiled by CBRE

The cost approach typically gives a reliable value indication when there is strong support for the replacement cost estimate and when there is minimal depreciation. Considering the limited amount of depreciation present in the property, the reliability of the cost approach is considered somewhat reliable, however, there is external obsolescence. Therefore, the cost approach is considered less applicable to the subject and is used primarily as a test of reasonableness against the other valuation techniques.

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on investment properties as they relate to available substitutes in the market. Therefore, the sales comparison approach is considered to provide a reliable value indication but has been given secondary emphasis in the final value reconciliation.

The income capitalization approach is applicable to the subject since it is an income producing property leased in the open market. Market participants are primarily analyzing properties based on their income generating capability. Therefore, the income capitalization approach is considered a reasonable and substantiated value indicator and has been given primary emphasis in the final value estimate.

Based on the foregoing, the market value of the subject has been concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Leased Fee Interest	July 12, 2022	\$6,980,000
As Complete	Leased Fee Interest	May 1, 2023	\$11,740,000
As Stabilized	Leased Fee Interest	September 1, 2023	\$12,410,000

Compiled by CBRE

Tax Increment Financing

The subject site/developer is in an agreement with the city of Watertown and the Watertown Development Corporation (WDC) which is a non-profit government sponsored development company. The tax increment financing agreement (TIF) gives the developer a \$2,448,401 loan at 4.00% interest rate over a 20-year term (upon completion).

At the request of the client, the appraisers have valued the net benefit to the developer/owner of the property for the tax increment financing agreement. The analysis utilizes our year 1 real estate tax expense with an annual growth rate of 3.00%. The discount rate utilized is 4.00% based upon short term comparable investment instruments ranging from 4.00% - 5.00%. The following charts illustrate this analysis.

Beginning Principal Balance	\$2,448,401																	
Estimated Principal Remaining	\$2,448,401																	
Interest Rate	4.00%	2.000%																
Payoff Term (Years)	20																	
Est. Stabilized Taxes	\$107,825																	
Discount Rate	4.00%	2.0%																
Original Pre-Development Taxes	\$5,063																	
Year Of Payment			8/1/2022	2/1/2023	8/1/2023	2/1/2024	8/1/2024	2/1/2025	8/1/2025	2/1/2026	8/1/2026							
Annual Taxes	3.0%		\$2,532	\$2,532	\$2,532	\$2,532	\$53,913	\$53,913	\$55,530	\$55,530	\$57,196	\$57,196						
Less Original Taxes	\$5,063		\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532						
Hold Backs (0)	0.0%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0						
Projected Rebated Taxes (TIF Income)	100.0%		\$0	\$0	\$0	\$0	\$51,381	\$51,381	\$52,998	\$52,998	\$54,664	\$54,664						
Period			1	2	3	4	5	6	7	8	9							
Present Value			\$0	\$0	\$0	\$47,468	\$46,537	\$47,061	\$46,138	\$46,655	\$45,740							
Remaining Principal Balance After Pmt.	\$2,448,401	\$2,448,401	\$2,448,401	\$2,497,369	\$2,547,316	\$2,546,882	\$2,546,439	\$2,544,369	\$2,542,258	\$2,538,440	\$2,534,544							
Accrued Interest	\$0	\$0	\$48,968	\$49,947	\$50,946	\$50,938	\$50,929	\$50,887	\$50,845	\$50,769	\$50,691							
Remaining Principal W/Accrued Interest After Pmt.	\$2,448,401	\$2,448,401	\$2,497,369	\$2,547,316	\$2,598,263	\$2,597,819	\$2,597,367	\$2,595,257	\$2,593,104	\$2,589,208	\$2,585,235							
2/1/2027	8/1/2027	2/1/2028	8/1/2028	2/1/2029	8/1/2029	2/1/2030	8/1/2030	2/1/2031	8/1/2031	2/1/2032	8/1/2032	2/1/2033	8/1/2033					
\$58,912	\$58,912	\$60,679	\$60,679	\$62,499	\$62,499	\$64,374	\$64,374	\$66,306	\$66,306	\$68,295	\$68,295	\$70,344	\$70,344					
\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532					
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
\$56,380	\$56,380	\$58,147	\$58,147	\$59,968	\$59,968	\$61,843	\$61,843	\$63,774	\$63,774	\$65,763	\$65,763	\$67,812	\$67,812					
10	11	12	13	14	15	16	17	18	19	20	21	22	23					
\$46,251	\$45,344	\$45,849	\$44,950	\$45,448	\$44,557	\$45,049	\$44,166	\$44,652	\$43,776	\$44,257	\$43,389	\$43,863	\$43,003					
\$2,528,855	\$2,523,052	\$2,515,366	\$2,507,526	\$2,497,709	\$2,487,696	\$2,475,607	\$2,463,276	\$2,448,768	\$2,433,969	\$2,416,886	\$2,399,460	\$2,379,638	\$2,359,419					
\$50,577	\$50,461	\$50,307	\$50,151	\$49,954	\$49,754	\$49,512	\$49,266	\$48,975	\$48,679	\$48,338	\$47,989	\$47,593	\$47,188					
\$	\$2,579,432	\$2,573,513	\$2,565,673	\$2,557,677	\$2,547,663	\$2,537,449	\$2,525,119	\$2,512,542	\$2,497,743	\$2,482,649	\$2,465,224	\$2,447,450	\$2,427,231	\$2,406,607				
2/1/2034	8/1/2034	2/1/2035	8/1/2035	2/1/2036	8/1/2036	2/1/2037	8/1/2037	2/1/2038	8/1/2038	2/1/2039	8/1/2039	2/1/2040	8/1/2040					
\$72,454	\$72,454	\$74,628	\$74,628	\$76,864	\$76,864	\$79,172	\$81,547	\$81,547	\$83,994	\$83,994	\$86,514	\$86,514	\$89,109	\$89,109				
\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532	\$2,532				
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
\$69,922	\$69,922	\$72,096	\$72,096	\$74,335	\$74,335	\$76,641	\$76,641	\$79,016	\$79,016	\$81,462	\$81,462	\$83,982	\$83,982	\$86,577	\$86,577			
24	25	26	27	28	29	30	31	32	33	34	35	36	37	38				
\$43,472	\$42,620	\$43,083	\$42,238	\$42,696	\$41,859	\$42,311	\$41,481	\$41,928	\$41,106	\$41,548	\$40,733	\$41,170	\$40,363	\$40,794	\$39,994			
\$2,336,685	\$2,313,496	\$2,287,670	\$2,261,328	\$2,232,220	\$2,202,530	\$2,169,940	\$2,136,698	\$2,100,416	\$2,063,409	\$2,023,217	\$1,982,217	\$1,937,879	\$1,892,654	\$1,843,930	\$1,794,231	\$1,740,865	\$1,686,432	
\$46,734	\$46,270	\$45,753	\$45,227	\$44,644	\$44,051	\$43,399	\$42,734	\$42,008	\$41,268	\$40,464	\$39,644	\$38,758	\$37,853	\$36,879	\$35,885	\$34,817	\$33,729	
\$	\$2,383,419	\$2,359,766	\$2,333,424	\$2,306,555	\$2,276,684	\$2,246,580	\$2,123,339	\$2,179,432	\$2,142,424	\$2,104,677	\$2,063,679	\$2,021,861	\$1,976,637	\$1,930,508	\$1,880,809	\$1,830,116	\$1,775,682	\$1,720,160

Present Value of Cash Flows

Rounded **\$1,810,000**

Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

(xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

ADDENDA

Addendum A

LAND SALE DATA SHEETS

Sale

Land - Multi Unit Residential

No. 1

Property Name N/A
 Address 6220 Maple St
 Omaha, NE 68104
 United States

Government Tax Agency N/A
 Govt./Tax ID N/A

Site/Government Regulations

	Acres	Square feet
Land Area Net	0.580	25,265
Land Area Gross	0.580	25,265



Site Development Status	Raw
Shape	Rectangular
Topography	Generally Level
Utilities	Public

Maximum FAR N/A
 Min Land to Bldg Ratio N/A
 Maximum Density 137.93 per ac

Frontage Distance/Street	200 ft	Maple Street
Frontage Distance/Street	127 ft	North 63rd Street

General Plan N/A
 Specific Plan N/A
 Zoning NBD - Neighborhood Business District
 Entitlement Status N/A

Sale Summary

Recorded Buyer	Vijay Malik	Marketing Time	N/A
True Buyer	Vijay Malik	Buyer Type	Developer
Recorded Seller	Laura J. Buddenberg	Seller Type	N/A
True Seller	Laura J. Buddenberg	Primary Verification	Appraisal, Purchase Agreement

Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Office	Date	10/15/2020
Proposed Use	Mixed-Use Development	Sale Price	\$715,000
Listing Broker	N/A	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	\$715,000
Doc #	2020-119745	Capital Adjustment	\$0
		Adjusted Price	\$745,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
10/2020	Sale	Vijay Malik	Laura J. Buddenberg	\$715,000	\$1,284,483 / \$29.49

Sale

Land - Multi Unit Residential

No. 1

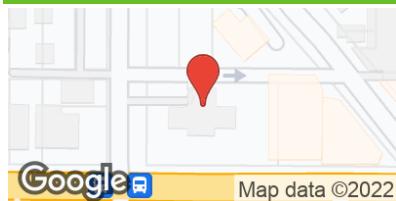
Units of Comparison

\$29.49 / sf	\$9,313 / Unit
\$1,284,482.76 / ac	\$9,313 / Allowable Bldg. Units N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents the acquisition of a medical office building for redevelopment. According to the buyers, the improvements will be leased back to the seller for 12 months while the seller searches for a new location. Upon vacating, the improvements will be razed for the construction of an 80± unit mixed use building that will include street level commercial space.

Sale

Land - Multi Unit Residential

No. 2

Property Name BRYK on Broadway
 Address SWC Broadway Ave N & 5th St NW
 Rochester, MN 55901
 United States

Government Tax Agency Olmsted
 Govt./Tax ID Multiple

Site/Government Regulations

	Acres	Square feet
Land Area Net	1.119	48,723
Land Area Gross	1.119	48,723



Site Development Status	Finished
Shape	Irregular
Topography	Generally Level
Utilities	Municipal

Maximum FAR N/A
 Min Land to Bldg Ratio N/A
 Maximum Density 160.93 per ac

Frontage Distance/Street	N/A	Broadway Ave N
Frontage Distance/Street	N/A	5th St NW

General Plan N/A
 Specific Plan N/A
 Zoning TOD-Corridor, Transit-Oriented District
 Entitlement Status N/A

Sale Summary

Recorded Buyer	MJB Petrol LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	MICDAV LLC	Seller Type	Private Investor
True Seller	N/A	Primary Verification	eCRV; Public Records; Publication

Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant Land	Date	9/9/2020
Proposed Use	Mixed-Use Development	Sale Price	\$2,087,820
Listing Broker	N/A	Financing	All Cash
Selling Broker	N/A	Cash Equivalent	\$2,087,820
Doc #	eCRV ID 1150008	Capital Adjustment	\$30,000
		Adjusted Price	\$2,117,820

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
09/2020	Sale	MJB Petrol LLC	MICDAV LLC	\$2,087,820	\$1,893,447 / \$43.47

Sale

Land - Multi Unit Residential

No. 2

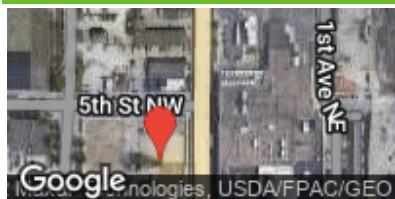
Units of Comparison

\$43.47 / sf	\$11,766 / Unit
\$1,893,446.58 / ac	\$11,766 / Allowable Bldg. Units N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents 1.12 acres at the SWC Broadway Ave N & 5th St NW in Rochester, MN. The property is located about one-half mile north of the core of the Rochester CBD, in the DMC's Central Station sub-district. The site exhibits an irregular shape and generally level topography. The property was zoned TOD-Corridor, Transit-Oriented District and municipal utilities were available to the site. At the time of sale the site was improved for use as a parking lot. Also of note, the property's southerly property line abuts an active railroad. The buyer was a developer that planned to redevelop the property into a 6-story mixed-use project with 180 units of mixed-income affordable housing, and 7,500 square feet of ground floor retail space. The indicated development density was 160.93 units per acre based on the 180 residential units. The property sold in September 2020 for an adjusted price of \$2,117,820, or \$43.47 per square foot (\$1,893,447 per acre), and \$11,765 per proposed unit (180 residential units). The site was reported to have environmental contamination. Per the Minnesota Department of Employment and Economic Development the project received an \$853,338 cleanup grant. Note that these grants pay up to 75 percent of the costs to investigate and clean up polluted sites. So a portion of the total cost would be a buyer expense. The adjusted purchase factors in an estimated demolition cost of \$30,000 for the parking lot.

Sale

Land - Multi Unit Residential

No. 3

Property Name Future Prescott Place Apartments
 Address 417 S 2nd Ave
 Sioux Falls, SD 57104
 United States

Government Tax Agency 012221131016000
 Govt./Tax ID 012221131015000

Site/Government Regulations

	Acres	Square feet
Land Area Net	0.361	15,707
Land Area Gross	0.361	15,707



Site Development Status	Raw
Shape	Rectangular
Topography	Generally Level
Utilities	Public

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	127.57 per ac

Frontage Distance/Street	195 ft	East 13th Street
Frontage Distance/Street	130 ft	South 2nd Avenue

General Plan	N/A
Specific Plan	N/A
Zoning	DT-PUD, Downtown Planned Unit Development District
Entitlement Status	N/A

Sale Summary

Recorded Buyer	Prescott Place Apartments, LLC	Marketing Time	N/A
True Buyer	Legacy Development	Buyer Type	N/A
Recorded Seller	Tyler Buildings, LLC	Seller Type	N/A
True Seller	N/A	Primary Verification	Appraisal

Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant land	Date	8/4/2020
Proposed Use	Apartments	Sale Price	\$330,000
Listing Broker	N/A	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	\$330,000
Doc #	N/A	Capital Adjustment	\$0
		Adjusted Price	\$330,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
08/2020	Sale	Prescott Place Apartments, LLC	Tyler Buildings, LLC	\$330,000	\$915,141 / \$21.01

Sale

Land - Multi Unit Residential

No. 3

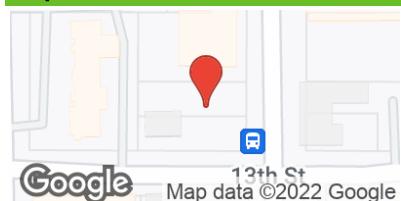
Units of Comparison

\$21.01 / sf	\$7,174 / Unit
\$915,141.43 / ac	\$7,174 / Allowable Bldg. Units N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents the acquisition of a 0.3606-acre tract of land located within the Sioux Falls CBD. The parcel is being acquired for the construction of a 46-unit Class A apartment community.

Sale

Land - Multi Unit Residential

No. 4

Property Name The Elements Apartment Site
 Address 100 Saint Joseph Street
 Rapid City, SD 57701
 United States

Government Tax Agency Pennington
 Govt./Tax ID 3701209004

Site/Government Regulations

	Acres	Square feet
Land Area Net	1.380	60,113
Land Area Gross	1.380	60,113



Site Development Status	Finished
Shape	Rectangular
Topography	Generally Level
Utilities	All Available

Maximum FAR N/A
 Min Land to Bldg Ratio N/A
 Maximum Density N/A

Frontage Distance/Street	400 ft	Saint Joseph
Frontage Distance/Street	150 ft	1 Street
Frontage Distance/Street	150 ft	2 Street

General Plan N/A
 Specific Plan N/A
 Zoning UC, Urban Commercial District
 Entitlement Status N/A

Sale Summary

Recorded Buyer	THE ELEMENTS LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	100 ST JOSEPH STREET LLC	Seller Type	N/A
True Seller	N/A	Primary Verification	County Records, Published Articles

Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant	Date	6/29/2020
Proposed Use	Multi-family	Sale Price	\$1,322,486
Listing Broker	N/A	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	\$1,322,486
Doc #	201-2111	Capital Adjustment	\$0
		Adjusted Price	\$1,322,486

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
06/2020	Sale	THE ELEMENTS LLC	100 ST JOSEPH STREET LLC	\$1,322,486	\$958,323 / \$22.00

Sale

Land - Multi Unit Residential

No. 4

Units of Comparison

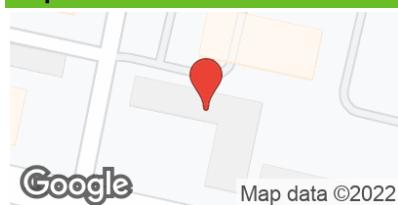
\$22.00 / sf
\$958,323.19 / ac

N/A / Unit
N/A / Allowable Bldg. Units
N/A / Building Area

Financial

No information recorded

Map & Comments



This is the former site of a hotel that was demolished and prepared for commercial/retail development. The property was purchased by The Elements LLC in order to develop a mixed-use development that included 21,000 square feet of street level retail and 99 loft-style apartments. The purchase price was \$1,322,648 or \$22 per square foot.

Sale

Land - Multi Unit Residential

No. 5

Property Name The Marketplace Land
Address 15 1st St NW
Watertown, SD 57201
United States

Government Tax Agency N/A
Govt./Tax ID N/A

Site/Government Regulations

	Acres	Square feet
Land Area Net	0.671	29,240
Land Area Gross	0.671	29,240



Site Development Status	N/A
Shape	L Shaped
Topography	Generally Level
Utilities	Municipal

Maximum FAR N/A
Min Land to Bldg Ratio N/A
Maximum Density 104.28 per ac

Frontage Distance/Street	115 ft	W. Kemp Avenue
Frontage Distance/Street	114 ft	1st St. NW

General Plan Multifamily & Retail
Specific Plan 70 Apt. Units & 1,900 SF Retail
Zoning C-1 Community Commercial District
Entitlement Status N/A

Sale Summary

Recorded Buyer	15DTW, LLC	Marketing Time	N/A
True Buyer	Kirk Simet, et.al.	Buyer Type	Developer
Recorded Seller	Ralph Endres Trust & Janice Endres	Seller Type	Private Investor
True Seller	N/A	Primary Verification	Buyer & County Records

Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant Building	Date	5/5/2020
Proposed Use	Raze & Redevelop for Mixed-use Multifamily & Retail	Sale Price	\$530,000
Listing Broker	N/A	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	\$530,000
Doc #	N/A	Capital Adjustment	\$145,000
		Adjusted Price	\$675,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
05/2020	Sale	15DTW, LLC	Ralph Endres Trust & Janice Endres	\$530,000	\$1,005,512 / \$23.08

Sale

Land - Multi Unit Residential

No. 5

Units of Comparison

\$23.08 / sf	\$9,643 / Unit
\$1,005,511.69 / ac	\$9,643 / Allowable Bldg. Units N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents a 0.67-acre site located at 15 1st Street NW in Watertown, South Dakota. At the time of sale, the site was improved with an old building that the buyer subsequently razed at an estimated cost of \$145,000; hence, an adjustment to the sale price is made for buyer expenditures in order to prepare the site to a build-ready condition. The adjusted sale price is \$675,000, or \$23.08/SF. The property is proposed to be improved in 2022 with a 100,127 SF mixed-use project containing 70 multi-family units and 1,900 SF of main floor commercial/retail space. The sale price per apartment unit is \$9,643.

Addendum B

IMPROVED SALE DATA SHEETS

Sale
Residential - Multi-unit Mid / High Rise
No. 1

Property Name The Metropolitan
Address 450 1st Street SW
Cedar Rapids, IA 52404
United States

Government Tax Agency Linn
Govt./Tax ID 14282-78019-01024

Unit Mix Detail

Rate Timeframe	Monthly			
Unit Type	No.	%	Size (sf)	Rent
Studio	6	27%	600	\$1,000-\$1,100
1BR/1BA	12	55%	643	\$1,200-\$1,300
2BR/1BA	4	18%	1,121	\$1,500-\$1,600
Totals/Avg	22			\$1,250
				\$1.74


Improvements

Land Area	1.000 ac	Status	Existing
Net Rentable Area (NRA)	24,500 sf	Year Built	2017
Total # of Units	22 Unit	Year Renovated	N/A
Average Unit Size	1,114 sf	Condition	Excellent
Floor Count	6	Exterior Finish	Masonry
Property Features	On-Site Management, Surface Parking, Gated / Controlled Access, Ground-level Retail		
Project Amenities	Clubhouse, Fitness Center		
Unit Amenities	Dishwasher, Washer / Dryer, Carpeted Flooring, Ceiling Fans, Garbage Disposal, Granite Countertops, Plank Flooring, Private Patios / Balconies, Stainless Steel Appliances		

Sale Summary

Recorded Buyer	Hudson International Group Inc	Marketing Time	N/A
True Buyer	Hudson Group	Buyer Type	Private Investor
Recorded Seller	Lofts at Red Cedar LLC	Seller Type	N/A
True Seller	The Metropolitan Group	Primary Verification	CoStar, Broker
Interest Transferred	Leased Fee	Type	Sale
Current Use	Multi-Family	Date	5/17/2022
Proposed Use	Multi-Family	Sale Price	\$6,100,000
Listing Broker	Cushman & Wakefield	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	\$6,100,000
Doc #	11359/517	Capital Adjustment	\$0
		Adjusted Price	\$6,100,000

Transaction Summary plus Five-Year CBRE View History

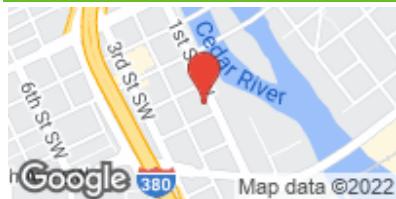
Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
05/2022	Sale	Hudson International Group Inc	Lofts at Red Cedar LLC	\$6,100,000	\$277,273 / \$248.98

Sale
Residential - Multi-unit Mid / High Rise
No. 1
Units of Comparison

Static Analysis Method	Pro Forma (Stabilized)	Eff Gross Inc Mult (EGIM)	11.03
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	47.37%
Net Initial Yield/Cap. Rate	4.77%	Adjusted Price / sf	\$248.98
Projected IRR	N/A	Adjusted Price / Unit	\$277,273
Actual Occupancy at Sale	100%		

Financial

Revenue Type	Pro Forma Stabilized	Trailing Actuals
Period Ending	12/31/2022	12/31/2021
Source	Appraiser	Broker
Price	\$6,100,000	\$6,100,000
Potential Gross Income	\$582,274	\$582,274
Economic Occupancy	95%	100%
Economic Loss	\$29,114	\$0
Effective Gross Income	\$553,160	\$582,274
Expenses	\$262,023	\$262,023
Net Operating Income	\$291,137	\$320,251
NOI / sf	\$11.88	\$13.07
NOI / Unit	\$13,234	\$14,557
EGIM	11.03	10.48
OER	47.37%	45.00%
Net Initial Yield/Cap. Rate	4.77%	5.25%

Map & Comments


This comparable represents the sale of the Metropolitan apartments, a class-A multifamily property located at 450 1st Street SW in Cedar Rapids, Iowa. The improvements were constructed in 2017 and are situated on a 1.00-acre site. The property features 22 apartment units on floors two and three, and provides first class amenities for residents. The property's ground level consists of 8,700 square feet of retail space. According to the broker, T12 NOI was \$320,251.00, indicating a 5.25% cap rate on the transaction. Occupancy at the time of sale was approximately 100%.

Sale
Residential - Multi-unit Mid / High Rise
No. 2

Property Name M34 Apartments
Address 3412 Dodge Street
Omaha, NE 68131
United States

Government Tax Agency Douglas
Govt./Tax ID 1919880203, 1919880201

Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1BA	5	18%	925	\$1,195	\$1.29
1BR/1BA	12	43%	975	\$1,250	\$1.28
1BR/1BA (Furnished Rental)	1	4%	1,050	\$1,900	\$1.81
1BR/1BA	6	21%	1,195	\$1,350	\$1.13
2BR/2BA	4	14%	1,200	\$1,675	\$1.40
Totals/Avg	28			\$1,346	\$1.28


Improvements

Land Area	0.390 ac	Status	Existing
Net Rentable Area (NRA)	29,345 sf	Year Built	2019
Total # of Units	28 Unit	Year Renovated	N/A
Average Unit Size	1,048 sf	Condition	Good
Floor Count	4	Exterior Finish	Brick Veneer
Property Features	N/A		
Project Amenities	N/A		
Unit Amenities	N/A		

Sale Summary

Recorded Buyer	Henry Louis LLC	Marketing Time	16 Month(s)
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	Icon Properties Midtown, LLC	Seller Type	Private Investor
True Seller	N/A	Primary Verification	521 Statement, Listing and Buyer Broker

Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Apartments	Date	1/21/2022
Proposed Use	N/A	Sale Price	\$5,150,000
Listing Broker	Access Commercial, Kim Henrichs 402-750-1638	Financing	Cash to Seller
Selling Broker	Oak Investment Real Estate, Spencer Goldenberg 913-669-7880	Cash Equivalent	\$5,150,000
Doc #	2022-008923	Capital Adjustment	\$0
		Adjusted Price	\$5,150,000

Transaction Summary plus Five-Year CBRE View History

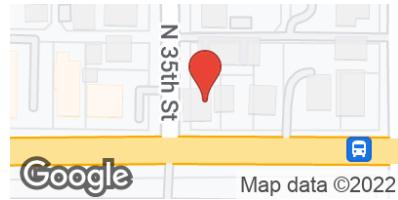
Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
01/2022	Sale	Henry Louis LLC	Icon Properties Midtown, LLC	\$5,150,000	\$183,929 / \$175.50

Sale
Residential - Multi-unit Mid / High Rise
No. 2
Units of Comparison

Static Analysis Method	Trailing Actuals	Eff Gross Inc Mult (EGIM)	13.51
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	50.03%
Net Initial Yield/Cap. Rate	3.70%	Adjusted Price / sf	\$175.50
Projected IRR	N/A	Adjusted Price / Unit	\$183,929
Actual Occupancy at Sale	93%		

Financial

Revenue Type	Pro Forma Stabilized	Trailing Actuals
Period Ending	N/A	N/A
Source	Broker	Broker
Price	\$5,150,000	\$5,150,000
Potential Gross Income	N/A	N/A
Economic Occupancy	N/A	N/A
Economic Loss	N/A	N/A
Effective Gross Income	\$469,890	\$381,261
Expenses	\$190,759	\$190,759
Net Operating Income	\$279,131	\$190,502
NOI / sf	\$9.51	\$6.49
NOI / Unit	\$9,969	\$6,804
EGIM	10.96	13.51
OER	40.60%	50.03%
Net Initial Yield/Cap. Rate	5.42%	3.70%

Map & Comments


This comparable represents the sale of a 28 unit multi-family property locally known as M34 Apartments at the northeast corner of N 35th Street and Dodge Street in Midtown Omaha, NE. The property is 2 blocks northwest of the Midtown Crossing mixed use development and offers 1 and 2 bedroom units along with secured heated underground parking. The property was reported to sell at a 5.42% cap rate based on pro forma market rents and expenses including a 5% vacancy allowance, \$198 per unit reserve, and OER of 40.6%. Based on the marketing flyer the property was approximately 93% occupied with two unit leases expired. Based on actual rents plus vacant units at market and similar reported expenses, the OAR is 3.7% with an OER of 50.03%.

Sale
Residential - Multi-unit Mid / High Rise
No. 3

Property Name The Hue
Address 324 1st Avenue Southwest
Rochester, MN 55902
United States

Government Tax Agency Olmsted
Govt./Tax ID 640212017784

Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
Studio/1BA	20	40%	515	\$1,172	\$2.28
1BR/1BA	21	42%	593	\$1,314	\$2.22
2 BR/2 BA	9	18%	833	\$1,747	\$2.10
Totals/Avg	50			\$1,335	\$2.21


Improvements

Land Area	0.198 ac	Status	Existing
Gross Building Area (GBA)	48,219 sf	Year Built	2020
Total # of Units	50 Unit	Year Renovated	N/A
Average Unit Size	567 sf	Condition	New
Floor Count	6	Exterior Finish	Other (See Comments)
Property Features	Flat Roofs, Elevators, Fire Sprinklered, Gated / Controlled Access, Ground-level Retail, Individual Split Systems, Interior Corridors, Interior Stairwells, Under-building Parking		
Project Amenities	Clubhouse, Game Room, Barbeque Area, Fitness Center, Roof Deck / Terrace, Storage Units		
Unit Amenities	Dishwasher, Refrigerator, Washer / Dryer, Private Patios / Balconies, Quartz Countertops, Range / Oven, Tub / Shower Combo		

Sale Summary

Recorded Buyer	Gorham Housing Partners III, LLP	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Private Investor
Recorded Seller	Acky-324, LLC	Seller Type	Developer
True Seller	Ackerberg Group - Minneapolis	Primary Verification	Developer/Seller, PA
Interest Transferred	Leased Fee	Type	Sale
Current Use	Apartments and Retail	Date	12/29/2021
Proposed Use	Apartments and Retail	Sale Price	\$14,400,000
Listing Broker	N/A	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	\$14,400,000
Doc #	eCRV ID 1370478	Capital Adjustment	\$0
		Adjusted Price	\$14,400,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
12/2021	Sale	Gorham Housing Partners III, LLP	Acky-324, LLC	\$14,400,000	\$288,000 / \$298.64

Sale
Residential - Multi-unit Mid / High Rise
No. 3
Units of Comparison

Static Analysis Method	Pro Forma (Stabilized)	Eff Gross Inc Mult (EGIM)	14.00
Buyer's Primary Analysis	Price and Capitalization Analyses	Op Exp Ratio (OER)	33.42%
Net Initial Yield/Cap. Rate	4.75%	Adjusted Price / sf	\$298.64
Projected IRR	N/A	Adjusted Price / Unit	\$288,000
Actual Occupancy at Sale	98%		

Financial

	Pro Forma Stabilized
Revenue Type	
Period Ending	N/A
Source	N/A
Price	\$14,400,000
Potential Gross Income	N/A
Economic Occupancy	N/A
Economic Loss	N/A
Effective Gross Income	\$1,028,299
Expenses	\$343,618
Net Operating Income	\$684,681
NOI / sf	\$14.20
NOI / Unit	\$13,694
EGIM	14.00
OER	33.42%
Net Initial Yield/Cap. Rate	4.75%

Map & Comments


The comparable is a 50-unit multi-family property with ground floor commercial space (Minnwest Bank Branch) known as The Hue and located at 33 4th Street SW in Rochester, Minnesota. The property consists of one six-story apartment building with 18 stalls of underground parking. The improvements were constructed in 2020 and are situated on a 0.20-acre site. The improvements were 98.0% leased as of the date of the rent roll (as of 12/1/2021) and considered stabilized. Minnwest Bank has a lease for the first floor at \$28.56 per square foot net with approximately \$10 per square foot in operating expenses. The capitalization rate includes a 5.00% vacancy rate, 1.00% in concessions and stabilized expenses including \$250 per unit in replacement reserves.

Sale

Residential - Multi-unit Lofts

No. 4

Property Name Flux Apartments
 Address 1400 Walnut St
 Des Moines, IA 50309
 United States

Government Tax Agency Polk
 Govt./Tax ID 7824-09-103-026

Unit Mix Detail

Rate Timeframe Monthly

Unit Type	No.	%	Size (sf)	Rent	Rent / sf
Studio	4	4%	355	\$765	\$2.15
Studio	4	4%	378	\$795	\$2.10
Studio	5	6%	379	\$799	\$2.11
1BR/1BA	5	6%	507	\$925	\$1.82
1BR/1BA	1	1%	531	\$985	\$1.85
1BR/1BA	9	10%	532	\$995	\$1.87
1BR/1BA	17	19%	541	\$995	\$1.84
1BR/1BA	4	4%	559	\$1,025	\$1.83
1BR/1BA	4	4%	617	\$1,150	\$1.86
1BR/1BA	4	4%	648	\$1,175	\$1.81
1BR/1BA	9	10%	651	\$1,265	\$1.94
1BR/1BA	4	4%	655	\$1,250	\$1.91
1BR/1BA	5	6%	658	\$1,265	\$1.92
1BR/1BA	1	1%	658	\$1,215	\$1.85
1BR/1BA	4	4%	692	\$1,315	\$1.90
2BR/2BA	5	6%	919	\$1,525	\$1.66
2BR/2BA	5	6%	948	\$1,595	\$1.68
Totals/Avg	90		\$1,110	\$1.86	



Improvements

Land Area	0.459 ac	Status	Existing
Net Rentable Area (NRA)	55,121 sf	Year Built	2018
Total # of Units	90 Unit	Year Renovated	N/A
Average Unit Size	612 sf	Condition	Excellent
Floor Count	5	Exterior Finish	Brick Veneer
Property Features	On-Site Management, Surface Parking, Gated / Controlled Access, Under-building Parking		
Project Amenities	Clubhouse, Concierge, Jacuzzi / Hot Tub, Pool, Game Room, Barbeque Area, Conference Room, Courtyard, Dog Grooming Station, Electric Car Charging Station, Fitness Center, Roof Deck / Terrace		
Unit Amenities	Dishwasher, Washer / Dryer, Carpeted Flooring, Garbage Disposal, Granite Countertops, Hardwood Flooring, Private Patios / Balconies, Quartz Countertops, Stainless Steel Appliances		

Sale Summary

Recorded Buyer	DIF II Flux LLC	Marketing Time	N/A
True Buyer	Diamond Income Fund II LP	Buyer Type	Private Investor
Recorded Seller	14 Walnut LLC	Seller Type	Developer
True Seller	14 Walnut LLC	Primary Verification	Purchase Agreement
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Multi-Family	Date	12/16/2021
Proposed Use	N/A	Sale Price	\$15,880,000
Listing Broker	CBRE Hubbell Commercial - Cy Fox	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	\$15,880,000
Doc #	18939/765	Capital Adjustment	\$-2,000,000
		Adjusted Price	\$13,880,000

Transaction Summary plus Five-Year CBRE View History

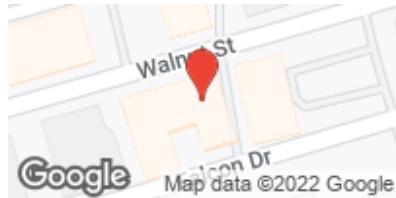
Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
12/2021	Sale	DIF II Flux LLC	14 Walnut LLC	\$15,880,000	\$176,444 / \$288.09

Sale
Residential - Multi-unit Lofts
No. 4
Units of Comparison

Static Analysis Method	Pro Forma (Stabilized)	Eff Gross Inc Mult (EGIM)	9.66
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	51.57%
Net Initial Yield/Cap. Rate	5.01%	Adjusted Price / sf	\$251.81
Projected IRR	N/A	Adjusted Price / Unit	\$154,222
Actual Occupancy at Sale	98%		

Financial

	Pro Forma Stabilized
Revenue Type	
Period Ending	12/31/2022
Source	Broker
Price	\$13,880,000
Potential Gross Income	\$1,209,120
Economic Occupancy	N/A
Economic Loss	N/A
Effective Gross Income	\$1,436,759
Expenses	\$740,879
Net Operating Income	\$695,880
NOI / sf	\$12.62
NOI / Unit	\$7,732
EGIM	9.66
OER	51.57%
Net Initial Yield/Cap. Rate	5.01%

Map & Comments


This comparable represents the sale of Flux Apartments, a class-A multifamily property located at 1400 Walnut St in downtown Des Moines, Iowa. The improvements were constructed in 2018 and are situated on a 0.46-acre site. The property features 90 apartment units and provides first class amenities for residents, including a 24 hour fitness center, a rooftop patio, 49 underground parking spaces and multitude of other amenities. The property's ground level includes the Onyx office suites, which consists of 12 private offices totaling 1,417 square feet. Pro forma stabilized NOI is projected at \$695,880.00, indicating a 5.01% cap rate on the transaction. This includes a \$250 per unit reserve. Occupancy at the time of sale was approximately 98%. We have deducted the value of the 9 year tax abatement or \$2M and included full estimate of taxes in our analysis.

Sale
Residential - Multi-unit Mid / High Rise
No. 5

Property Name Velocity
Address 200 Des Moines Street
Des Moines, IA 50309
United States

Government Tax Agency Polk
Govt./Tax ID 040/06340-000-001

Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
Studio	54	30%	483-578	\$995-\$1,357	\$2.22
Studio	4	2%	664-701	\$1,095-\$1,150	\$1.64
1BR/1BA	44	24%	711-797	\$1,289-\$1,324	\$1.73
1BR/1BA	27	15%	804-982	\$1,450-\$1,535	\$1.67
1BR/1BA	9	5%	1,012-1,050	\$1,545-\$1,631	\$1.54
2BR/2BA	33	18%	1,110-1,197	\$1,545-\$1,752	\$1.43
2BR/2BA	2	1%	1,277	\$1,745-\$1,795	\$1.39
3BR/2BA	5	3%	1,432-1,433	\$1,995	\$1.39
3BR/2BA	3	2%	1,482	\$2,195	\$1.48
Totals/Avg	181			\$1,406	\$1.70


Improvements

Land Area	1.809 ac	Status	Existing
Net Rentable Area (NRA)	105,537 sf	Year Built	2018
Total # of Units	115 Unit	Year Renovated	N/A
Average Unit Size	918 sf	Condition	New
Floor Count	5	Exterior Finish	EIFS
Property Features	Flat Roofs, On-Site Management, Elevators, Gated / Controlled Access, Under-building Parking		
Project Amenities	Clubhouse, Pool, Game Room, Barbeque Area, Dog Grooming Station, Fitness Center, Roof Deck / Terrace, Yoga / Spin Room		
Unit Amenities	Dishwasher, Washer / Dryer, Carpeted Flooring, Ceiling Fans, Garbage Disposal, Granite Countertops, Plank Flooring, Private Patios / Balconies, Refrigerator with Icemaker, Stainless Steel Appliances, Tile Backsplash, Vaulted / Cathedral Ceilings		

Sale Summary

Recorded Buyer	Velocity TIC Owner I & II LLC	Marketing Time	N/A
True Buyer	Spruce Capital Partners	Buyer Type	Developer
Recorded Seller	Bridge District Verve LLC	Seller Type	Corporation
True Seller	HubbellRealty Co	Primary Verification	Broker, Deed, Public Records
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Multi-Family	Date	12/14/2021
Proposed Use	Multi-Family	Sale Price	\$27,310,000
Listing Broker	CBRE	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	\$27,310,000
Doc #	18923/58	Capital Adjustment	\$-3,550,300
		Adjusted Price	\$23,759,700

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
12/2021	Sale	Velocity TIC Owner I & II LLC	Bridge District Verve LLC	\$27,310,000	\$237,478 / \$258.77

Sale

Residential - Multi-unit Mid / High Rise

No. 5

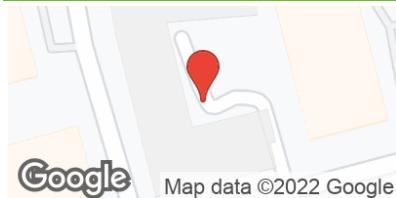
Units of Comparison

Static Analysis Method	N/A	Eff Gross Inc Mult (EGIM)	N/A
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	N/A
Net Initial Yield/Cap. Rate	N/A	Adjusted Price / sf	\$225.13
Projected IRR	N/A	Adjusted Price / Unit	\$206,606
Actual Occupancy at Sale	98%		

Financial

No information recorded

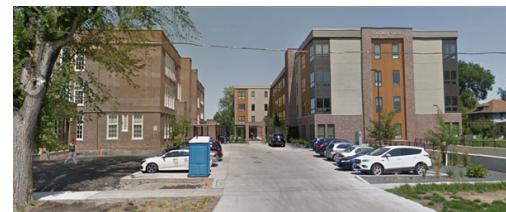
Map & Comments



This comparable represents the sale of the Velocity Apartments, a class-A multifamily property located at 200 Des Moines Street, in Des Moines, Iowa. The improvements were constructed in 2018 and are situated on a 1.8093-acre site. The property features 115 apartment units and provides first class amenities for residents, including a 24 hour fitness center, clubhouse, game room, and multitude of other amenities. The property sold on 12/14/2021, as part of a two-property portfolio, for \$51,810,000.00. The allocated purchase price of the subject is \$27,310,000.00 or \$237,478.26 per unit. The broker indicated this was an arm's length transaction, but was not at liberty to discuss financial data associated with the property. We've deducted our estimate of the tax abatement valuation on the property at 13% of the purchase price. The estimate was derived using comparables with similar abatement terms, within the local market.

Sale
Residential - Multi-unit Mid / High Rise
No. 6

Property Name Woodrow Wilson
Address 315 University Dr N
1224 4th Ave N
Fargo, ND 58102
United States
Government Tax Agency Cass
Govt./Tax ID 01-2382-04450-000


Unit Mix Detail
Rate Timeframe Monthly

Unit Type	No.	%	Size (sf)	Rent	Rent / sf
Efficiency (Historic)	12	12%	515	\$780-\$920	\$1.65
Efficiency (New)	16	16%	588	\$850-\$940	\$1.52
1BR/1BA (New)	24	25%	737	\$970-\$1,150	\$1.44
1BR/1BA (Historic)	13	13%	840	\$970-\$1,400	\$1.41
2BR/1BA (Historic)	8	8%	883	\$1,270-\$1,570	\$1.61
2BR/1BA (New)	22	23%	1,107	\$1,375-\$1,590	\$1.34
2BR/2BA (Historic)	1	1%	1,338	\$1,600	\$1.20
3BR/2BA (New)	1	1%	1,497	\$1,870	\$1.25
Totals/Avg	97			\$1,163	\$1.44

Improvements

Land Area	1.883 ac	Status	Existing
Net Rentable Area (NRA)	78,473 sf	Year Built	1917
Total # of Units	97 Unit	Year Renovated	2017
Average Unit Size	809 sf	Condition	Good
Floor Count	4	Exterior Finish	Masonry
Property Features	N/A		
Project Amenities	N/A		
Unit Amenities	N/A		

Sale Summary

Recorded Buyer	GRAYSTOKE CAPITAL WOODROW LLC	Marketing Time	N/A
True Buyer	GRAYSTOKE CAPITAL WOODROW LLC	Buyer Type	Private Investor
Recorded Seller	DFI Woodrow Wilson LLC	Seller Type	Developer
True Seller	Kilbourne	Primary Verification	PA, Appraisal
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Apartment	Date	10/21/2021
Proposed Use	Apartment	Sale Price	\$19,000,000
Listing Broker	JLL	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	\$19,000,000
Doc #	SWD#1656710	Capital Adjustment	\$0
		Adjusted Price	\$19,000,000

Transaction Summary plus Five-Year CBRE View History

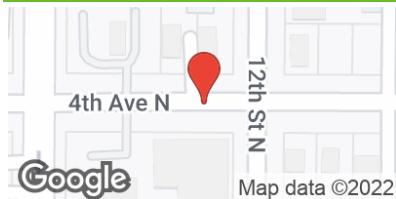
Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
10/2021	Sale	GRAYSTOKE CAPITAL WOODROW LLC	DFI Woodrow Wilson LLC	\$19,000,000	\$195,876 / \$242.12
06/2019	Under Contract	Tzadik Management Group, LLC	DFI Woodrow Wilson LLC	\$17,800,000	\$183,505 / \$226.83

Sale
Residential - Multi-unit Mid / High Rise
No. 6
Units of Comparison

Static Analysis Method	Pro Forma (Stabilized)	Eff Gross Inc Mult (EGIM)	12.36
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	45.83%
Net Initial Yield/Cap. Rate	4.38%	Adjusted Price / sf	\$242.12
Projected IRR	N/A	Adjusted Price / Unit	\$195,876
Actual Occupancy at Sale	93%		

Financial

Revenue Type	Pro Forma Stabilized	Trailing Actuals
Period Ending	12/31/2019	9/1/2019
Source	Appraiser	Seller
Price	\$19,000,000	\$19,000,000
Potential Gross Income	N/A	\$1,485,784
Economic Occupancy	95%	93%
Economic Loss	N/A	\$106,976
Effective Gross Income	\$1,537,492	\$1,378,808
Expenses	\$704,683	\$553,504
Net Operating Income	\$832,809	\$825,304
NOI / sf	\$10.61	\$10.52
NOI / Unit	\$8,586	\$8,508
EGIM	12.36	13.78
OER	45.83%	40.14%
Net Initial Yield/Cap. Rate	4.38%	4.34%

Map & Comments


Map data ©2022

This is a 97-unit multi-family garden property plus detached commercial building/day care located at 1222 4th Avenue N and 301,315 & 401 University Drive in Fargo, North Dakota. The primary site and adjacent parking lot with 33 stalls are situated on a total of 1.58 acres of site area. Community amenities include underground parking, outdoor patios with grilling stations, oversized gym, fitness equipment, community lounge and bike storage. Unit amenities include washer/dryers, upgraded finishes, tall ceilings and historic features. The property in its entirety represents the conversion of a former high school constructed in 1917 to residential apartment project of 34 units plus secondary building consisting of 63 units. Together these two buildings total 97 residential units in downtown Fargo. The site improvements also include a 3,231 SF commercial space on the southwest corner of the block, at University Drive and 3rd Street North, occupied under long-term 10-year lease to Montessori Day Care and the lease expires on October 27, 2028. The lease is \$7,158 /month, net, includes 2%/YR escalations and is guaranteed by Camille and Jason Brandt.

This property was under contract to Tzadik Management Group, LLC, a Florida LLC along with two other local properties. The three-property portfolio includes a total of 144 units and was marketed publicly by JLL. A purchase agreement was signed June 2019, with a total amount of \$22,145,000 indicated, implying a \$153,784 per unit overall acquisition price. Specifically, Woodrow Wilson (this property) has 97 Units, Jackson 26 Units and Lofts on Roberts 21 Units. In total, the combined NOI among all three properties, after deductions for market vacancy, management and reserves, equates to a +/- 5.5% capitalization rate. The buyer exited and the sale never materialized. This property again went on the market but without the other properties.

Graystone Capital Partners acquired the property after JLL listed it for an undisclosed period of time. After a competitive bidding process, reportedly with multiple offers in the \$18.5M to \$19M, the best and final offer of \$19,000,000, or \$195,876/unit, was signed on October 21, 2021 with this entity. The sale is reportedly arm's length, with no atypical financing or conditions. The buyer plans to create additional revenue through an on-going conversion of expense/utility/cable reimbursements (ie pass expenses on to tenancy). The sale price also takes into account the present value of the tax abatement.

Addendum C

RENT COMPARABLE DATA SHEETS

Comparable
Residential - Multi-unit Senior
No. 1

Property Name Generations on 1st
Address 26 1st Avenue SW
Watertown, SD 57201
United States

Government Tax Agency Codington
Govt./Tax ID N/A

Unit Mix Detail

Rate Timeframe Monthly

Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1 BR/1 BA	60	83%	945	\$985	\$1.04
2 BR/2 BA	12	17%	1,375	\$1,475	\$1.07
Totals/Avg	72			\$1,067	\$1.05


Improvements

Land Area	0.764 ac	Status	Existing
Net Rentable Area (NRA)	73,200 sf	Year Built	2022
Total # of Units	72 Unit	Year Renovated	N/A
Average Unit Size	1,017 sf	Condition	Good
Floor Count	5	Exterior Finish	Brick Veneer
Property Features	N/A		
Project Amenities	N/A		
Unit Amenities	N/A		

Rental Survey

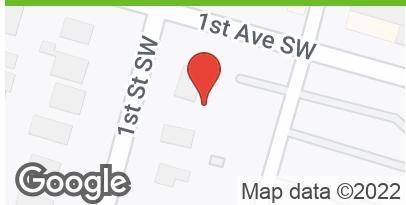
Occupancy	N/A	Utilities Included in Rent	N/A
Lease Term	N/A	Rent Premiums	N/A
Tenant Profile	N/A	Concessions	N/A
Survey Date	07/2022	Owner	N/A
Survey Notes	N/A	Management	N/A

Comparable

Residential - Multi-unit Senior

No. 1

Map & Comments



The subject is a newly constructed 72-unit, age-restricted 55+ senior living mid/high rise property located at 26 1st Avenue SW in Watertown, South Dakota. The property consists of a single, five-story apartment building with attached parking and a first floor senior center. The senior center is leased to the city on a 99 year lease term for \$1 annually and essentially acts as the apartments amenity package. The property recently opened and is currently in lease up mode.

Comparable

Residential - Multi-unit Walk-up

No. 2

Property Name Parkside Place
Address 8 2nd St NE
Watertown, SD 57201
United States

Government Tax Agency Codington
Govt./Tax ID 9358

Unit Mix Detail

Rate Timeframe Monthly

Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1BA	36	100%	750-778	\$965	\$1.26
Totals/Avg	36			\$965	\$1.26



Improvements

Land Area	0.593 ac	Status	Existing
Net Rentable Area (NRA)	N/A	Year Built	2021
Total # of Units	36 Unit	Year Renovated	N/A
Average Unit Size	764 sf	Condition	Good
Floor Count	4	Exterior Finish	Masonry
Property Features	Flat Roofs, Structured Parking, Elevators, Fire Sprinklered, Ground-level Retail, Under-building Parking		
Project Amenities	Roof Deck / Terrace		
Unit Amenities	Dishwasher, Refrigerator, Washer / Dryer Connections , Black Appliances, Carpeted Flooring, Garbage Disposal, Granite Countertops, Microwave Oven, Plank Flooring, Private Patios / Balconies, Range / Oven		

Rental Survey

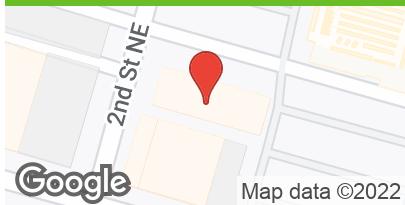
Occupancy	100%	Utilities Included in Rent	water, sewer, and trash
Lease Term	12 Mo(s).	Rent Premiums	None
Tenant Profile	N/A	Concessions	None
Survey Date	07/2022	Owner	GT Brothers LLC
Survey Notes	N/A	Management	N/A

Comparable

Residential - Multi-unit Walk-up

No. 2

Map & Comments



This is a new Downtown Watertown development that consists of a four-story mixed-use apartment/retail building with 36 units and 3,803 square feet of ground-floor commercial space. The development also includes a first-floor 36 stall heated parking garage with one stall included with rent. The property consists of all one-bedroom units. Amenities include an elevator, dishwasher, rooftop deck, in-unit washers/dryers, LED lighting, brushed nickel fixtures, storage lockers for \$40 per month, and city park views. Utilities of water, sewer, and garbage are included in the base rent. At the time of survey, the property was leased at 100%. The subjects absorption period was approximately 14 units per month.

Comparable

Residential - Multi-unit Mid / High Rise

No. 3

Property Name One Willow Creek
Address 2000 Kemp Place East
Watertown, SD 57201
United States

Government Tax Agency Codington
Govt./Tax ID 20169

Unit Mix Detail

Rate Timeframe	Monthly			
Unit Type	No.	%	Size (sf)	Rent
1BR/1BA	14	39%	681-732	\$815-\$915
2BR/2BA	22	61%	1,114-1,697	\$1,250-\$1,795
Totals/Avg	36			\$1,267
				\$1.12



Improvements

Land Area	1.559 ac	Status	Existing
Gross Building Area (GBA)	36,444 sf	Year Built	2016
Total # of Units	36 Units	Year Renovated	N/A
Average Unit Size	1,012 sf	Condition	Good
Floor Count	3	Exterior Finish	Vinyl Siding
Property Features	On-Site Management, Elevators, Gated / Controlled Access, Individual Split Systems		
Project Amenities	Fitness Center		
Unit Amenities	Dishwasher, Refrigerator, Washer / Dryer, Ceiling Fans, Granite Countertops, Microwave Oven, Range / Oven, Stainless Steel Appliances, Tile Backsplash, Tub / Shower Combo, Vinyl Flooring		

Rental Survey

Occupancy	100%	Utilities Included in Rent	Water, Sewer, Trash and WiFi
Lease Term	12 Mo(s).	Rent Premiums	None
Tenant Profile	Market	Concessions	N/A
Survey Date	07/2022	Owner	N/A
Survey Notes	N/A	Management	N/A

Comparable

Residential - Multi-unit Mid / High Rise

No. 3

Map & Comments



Map data ©2022

This comparable represents One Willow Creek, a 36-unit apartment building located on 2000 Kemp Place E. The three-story project was constructed in 2016. The in-unit amenities include an in-unit washer/dryer, a full stainless steel appliance package, granite countertops, fireplace, and free WiFi. The project amenities include a community room, fitness center, elevator, library, and controlled access. The building has detached and attached heated garage parking. The parking is included in the monthly rent. Water, sewer, and trash are included in the base rent. Tenant pays for forced air. The property is currently 100% occupied.

Comparable

Residential - Multi-unit Mid / High Rise

No. 4

Property Name The Lofts
Address 10 North Broadway Street
Watertown, SD 57201
United States

Government Tax Agency Codington
Govt./Tax ID 9391

Unit Mix Detail

Rate Timeframe Monthly

Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1BA	36	92%	568-689	\$920	\$1.46
2BR/1BA	3	8%	964	\$1,275	\$1.32
Totals/Avg	39			\$947	\$1.45



Improvements

Land Area	0.160 ac	Status	Existing
Net Rentable Area (NRA)	26,793 sf	Year Built	2020
Total # of Units	39 Unit	Year Renovated	N/A
Average Unit Size	687 sf	Condition	Average
Floor Count	4	Exterior Finish	Masonry
Property Features	Flat Roofs, Elevators, Ground-level Retail, Interior Corridors, Interior Stairwells, Thru-The-Wall Systems, Under-building Parking		
Project Amenities	N/A		
Unit Amenities	Dishwasher, Washer / Dryer, Black Appliances, Carpeted Flooring, Ceiling Fans, Garbage Disposal, Microwave Oven, Plank Flooring, Range / Oven, Refrigerator with Icemaker		

Rental Survey

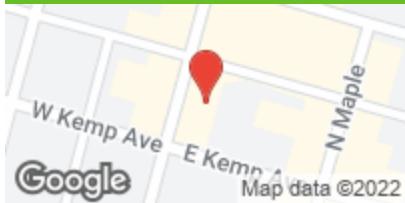
Occupancy	95%	Utilities Included in Rent	Water, Sewer and Trash
Lease Term	12 Mo(s).	Rent Premiums	None
Tenant Profile	All Ages	Concessions	N/A
Survey Date	07/2022	Owner	N/A
Survey Notes	N/A	Management	N/A

Comparable

Residential - Multi-unit Mid / High Rise

No. 4

Map & Comments



The comparable is a mixed-use 39-unit multi-family property with 7,885 square feet of ground-floor retail located at 10 North Broadway Street in Watertown, South Dakota. The property consists of a single, four-story apartment building with below-grade heated parking (46 stalls), 1 stall included in rent. Unique property characteristics include the property is located in downtown Watertown, new construction, and ground-floor retail. The in-unit amenities include a full appliance package, in-unit washer/dryer, ceiling fans, and through-the-wall air conditioning. One pet is allowed per tenant with a one-time \$300 fee and The landlord will be responsible for water, sewer, and trash expenses with residents paying all other expenses. Property opened in August 2020 and stabilized within eight months. The property is currently 95% occupied (residential only). The retail has 2,382 square feet of vacancy.

Comparable
Residential - Multi-unit Garden
No. 5

Property Name **Flats on 8th**
Address **22 8th Avenue SW
Watertown, SD 57201
United States**

Government Tax Agency **Codington**
Govt./Tax ID **19890**

Unit Mix Detail

Rate Timeframe **Monthly**

Unit Type	No.	%	Size (sf)	Rent	Rent / sf
Studio	N/A	N/A	347	\$675	\$1.95
1BR/1BA	N/A	N/A	530	\$785	\$1.48
2BR/1BA	N/A	N/A	830	\$975	\$1.17
Totals/Avg	0			N/A	N/A


Improvements

Land Area	0.906 ac	Status	Existing
Net Rentable Area (NRA)	N/A	Year Built	2021
Total # of Units	24 Unit	Year Renovated	N/A
Average Unit Size	sf	Condition	New
Floor Count	2	Exterior Finish	Vinyl Siding
Property Features	Surface Parking		
Project Amenities	Storage Units		
Unit Amenities	Washer / Dryer		

Rental Survey

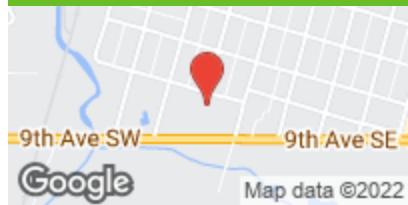
Occupancy	100%	Utilities Included in Rent	Heat, Water, Sewer, Trash
Lease Term	12 Mo(s).	Rent Premiums	N/A
Tenant Profile	Market	Concessions	N/A
Survey Date	07/2022	Owner	N/A
Survey Notes	N/A	Management	N/A

Comparable

Residential - Multi-unit Garden

No. 5

Map & Comments



This is a 24-unit apartment property located at 22 8th Avenue SW in Watertown, SD. It was constructed in 2021. Amenities include in-unit laundry and storage units. The property is currently 100% occupied. Base rental rates include heat, water, sewer, and trash expenses.

Addendum D

OPERATING DATA AND CONSTRUCTION COSTS

Proforma	Address:	Owner:	Year Built:	Updated as of:
The Ruins	315 East Kemp	Ruins LLC	2022	6/7/2022

Stats	Cost and Loan Details	Tax Allocations	Taxable Income
Number of Units 63	Development Costs \$ 14,250,000.00	Building \$ 12,466,500.00	Projected NOI \$ 817,208.45
Number of Buildings 1	Down Payment \$ 2,850,000.00	Land \$ 300,000.00	Mortgage Interest \$ (492,164.48)
Total Building SqFt 100,908	Loan Amount \$ 11,400,000.00	Personal Property \$ 283,500.00	Depreciation \$ (584,872.73)
Cap Rate 5.73%	Rate 4.35%	Land Improvements \$ 1,200,000.00	Total Deductions \$ (1,077,037.21)
Gross Rent Multiplier 14.63	Amortization (Years) 30		
Price Per Unit \$ 226,190.48	Payment Per Month \$ 56,750.54	Total Depreciation Exp. \$ 14,250,000.00	Total Taxable Income \$ (259,828.76)

Unit Description	No. of Units	Monthly Rent	Total Monthly Rent	Unit Size	\$/SqFt	Notes:	Photo
Floor 2 - 4							
Eff	12	955					
1BR	36	1255					
2BR	15	1575					
			\$ 11,460.00	TBD	TBD	3	
			\$ 45,180.00	TBD	TBD		
			\$ 23,625.00	TBD	TBD		
						12	
Garages / Parking passes	0	0					
Storage Units	28	65					
Totals:			\$ 1,820.00				
			\$ 82,085.00				

INCOME			EXPENSES									
Gross Potential Rents \$ 985,020.00		0.00%	Maintenance Expenses									
Month-2-month Rent \$ 7,387.65		0.75%	Maintenance Staff Costs \$ 6,048.00	8.00	Per unit per month	Onsite Office Staff \$ -						
Garage Rent \$ -		0.00%	Caretaker \$ 4,536.00	6.00	Per unit per month	Advertising / Marketing \$ 566.00						
Vacancies \$ (19,700.40)		2.00% of GPR	Repairs / Maintenance \$ 4,536.00	6.00	Per unit per month	Professional Fees \$ 80.00						
Uncollected Rents \$ -		0.00% of GPR	Turn Cleaning \$ 756.00	1.00	Per unit per month	Site Office Rent / Utilities \$ -						
Rental Incentives \$ (9,850.20)		1.00% of GPR	Painting / Decorating \$ 756.00	1.00	Per unit per month	Site Office Supplies \$ 0.00						
Net Collected Rent \$ 962,857.05		0.50% Annual Estimate	Plumbing \$ 756.00	1.00	Per unit per month	Site Office Equipment / Furnishings \$ -						
Non-refundable Pet Fees \$ 3,780.00		5.00 Per unit per month	Electrical / Fire Protection \$ 756.00	1.00	Per unit per month	Telephone Costs / Service \$ 756.00						
Laundry Income \$ -		4.50 Per unit per month	HVAC \$ 756.00	1.00	Per unit per month	Credit & Collections \$ -						
Interest Income \$ 1,000.00		Annual Estimate	Elevator \$ 850.00	1750.00	Annual Estimate*	Property Management \$ 29,550.60						
Late Fees \$ 1,134.00		1.50 Per unit per month	Flooring \$ 756.00	1.00	Per unit per month	Real Estate Taxes \$ 68,705.00						
Application Fees \$ 378.00		0.50 Per unit per month	Appliances/Laundry \$ 1,209.60	1.60	Per unit per month	CAM Reimb \$ -						
NSF Fees \$ 756.00		1.00 Per unit per month	Extermination \$ 378.00	0.50	Per unit per month	Property Insurance \$ 15,566.00						
Re-rental Charges \$ 756.00		1.00 Per unit per month	Pool / Clubhouse \$ -	0.00	Annual Estimate	Cable / Internet \$ 780.00						
Cable / Internet Income \$ 831.60		1.10 Per unit per month	Grounds Maintenance \$ -	500.00	Per month per 6 months	Electricity - Apts \$ 1,512.00						
Other Income (i.e. Carwash?) \$ 2,457.00		3.25 Per unit per month	Snow Removal \$ 500.00	800.00	Per month per 5 months	Electricity - Building \$ 3,024.00						
Total Income \$ 973,949.65			Move out costs \$ 3,024.00	4.00	Per unit per month	Natural Gas - Apts \$ -						
			Resident Chargebacks \$ (3,213.00)	-4.25	Per unit per month	Natural Gas - Building \$ 2,268.00						
			Other Maintenance \$ -	Annual Estimate		Water & Sewer \$ 8,316.00						
			Total Maintenance Exp. \$ 22,593.60	2.3%	of Gross Income	Garbage Removal \$ 3,024.00						
						Total Admin & Utility Exp. \$ 134,147.60						

Return On Investment		
Cash Return \$ 136,201.92		4.78%
Principle Reduction (3 year avg) \$ 197,346.43		6.92%
Appreciation 1% \$ 142,500.00		5.00%
Taxable Loss (30%) \$ 175,461.82		6.16%
Total \$ 651,510.16		22.9%

***Expenses Per Unit: \$ 2,487.96

Total Operating Exp.	\$ 156,741.20	15.9% of Gross Income
Net Operating Income	\$ 817,208.45	83.0% of Gross Income
Less: Cap X Reserves \$ -		Per unit per year
Debt Service \$ 681,006.53		1.20 DSCR
Net Cash Flow	\$ 136,201.92	4.78% Cash on Cash

Addendum E

LEGAL DESCRIPTION AND PLAT MAP

Addendum F

CLIENT CONTRACT INFORMATION



CBRE
11213 Davenport ST
Omaha, NE 68154

RE: Appraisal Request – THE RUINS

Attn: Appraisal Team

I hereby Formally request an updated appraisal on a parcel known as THE RUINS in Watertown, SD. This will be appraised for Red River State Bank. Prior CBRE File # 21-164MW-3177-1

Parcel #: 9352

Address: 315 East Kemp, Watertown, SD 57201 all located within Codington County

Legal description: The Ruins Addition to the City of Watertown, Codington County, South Dakota

Any questions please contact myself as primary contact.

Sincerely,

A blue ink signature of Danielle Harless.

Danielle Harless

Vice President

A blue ink signature of Josh Luther.

Josh Luther, MAI
as agent for CBRE

6/7/2022

Fee: \$5,500
Due: 7/12/2022

Addendum G

QUALIFICATIONS

Matthew Johnson

Senior Appraiser, Minneapolis, MN



T + 612-336-4256
M +651-274-8240
Matthew.johnson@cbre.com

800 LaSalle Avenue, Suite 1900
Minneapolis, MN 55402

Clients Represented

- Bank Cherokee
- North Star Bank
- West Town Bank & Trust
- Elion Partners
- Infinite Campus
- Aldi Grocery Stores
- Kowalski's
- Sterling Organization
- Various other lenders and property owners

Experience

Matthew Johnson became a Senior Appraiser in the Valuation & Advisory Services Group in September of 2013. Matt's appraisal experience has been in the fee preparation of real estate appraisals, feasibility studies and market rent studies of commercial, industrial, multifamily residential and other special use properties.

Experience encompasses a wide variety of property types including development land, office, retail, industrial, multifamily, hotel/motel, net leased investments, medical office buildings, restaurants, manufactured housing communities, marinas and other special purpose properties located both locally and regionally.

Representative Assignments

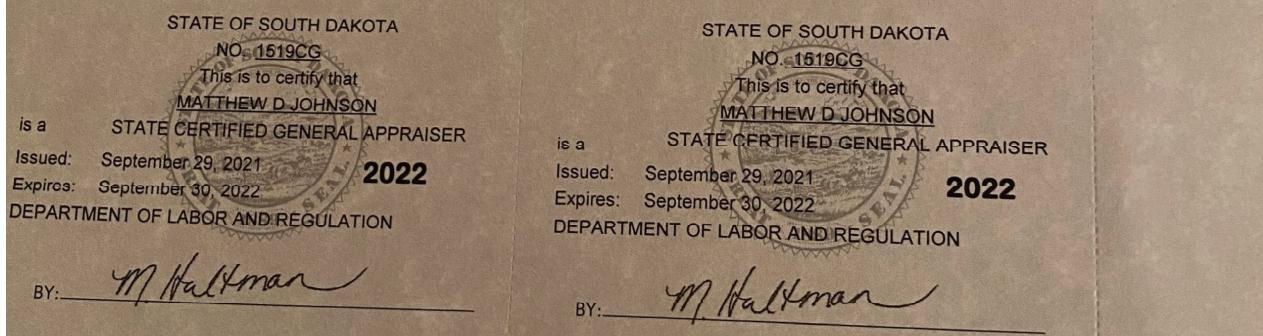
Property	Location	SF
City Place Development	Woodbury, MN	30+ Acre Mixed Use
Proposed North Loop Office – Swervo	Minneapolis, MN	295,000 SF
Affiliated Medical Center – Hospital	Willmar, MN	150,000 SF
US Bank Center - Office	St. Paul, MN	380,000 SF
Doctor's Professional Building - Medical	St. Paul, MN	80,000 SF
Viking Plaza Enclosed Mall - Retail	Alexandria, MN	210,000 SF
Village of Blaine Shopping Center – Retail	Blaine, MN	220,000 SF
St. Paul Athletic Club – Mixed Use	St. Paul, MN	155,000 SF
Ridgedale Proposed Apartments – Senior	Minnetonka, MN	168 Units

Licenses/Certifications

- Certified General Real Property: State of Minnesota No. 40382860
- Certified General Real Property: State of Iowa No. CG03831
- Certified General Real Property: State of South Dakota No. 1519CG

Education

- Bachelor's degree from University of St. Thomas, St. Paul, Minnesota - Accounting



YEAR 2021 CERTIFICATE RENEWAL REQUIREMENTS:

- Complete renewal application.
- Pay the prescribed renewal fee.
- Verify completion of 28 hours of approved continuing education completed during the period October 1, 2019 through August 17, 2021. (7 HOURS MUST BE OF THE 2020-2021 7-HOUR NATIONAL USPAP UPDATE COURSE COMPLETED DURING THE PERIOD OCTOBER 1, 2019 THROUGH JUNE 30, 2020)

[CONTINUING EDUCATION NOT APPLICABLE TO RECIPROCAL LICENSEES.]

YEAR 2022 CERTIFICATE RENEWAL REQUIREMENTS:

- Complete renewal application.
- Pay the prescribed renewal fee.
- The 2022-2023 7-HOUR NATIONAL USPAP UPDATE COURSE COMPLETED DURING THE PERIOD OCTOBER 1, 2019 THROUGH JUNE 30, 2020

Michael J Moynagh

Senior Managing Director, MAI Minneapolis



T + 612 336 4239
M +612 812 2775
Mike.moynagh@cbre.com

800 LaSalle Ave
Suite 1900
Minneapolis, MN 55402

Clients Represented

- Associated Bank
- Bank Mutual
- Bank of America
- Merrill Lynch
- Barclays Bank
- Bell State Bank & Trust
- BMO Harris
- Cantor
- Cargill
- JP Morgan Chase
- Laddar Capital
- LNR Partners
- Piper Jaffrey
- PNC Bank
- Principal
- Union Bank and Trust
- Company
- University of Minnesota
- US Bank

Experience

Michael Moynagh, MAI, became Senior Managing Director of the Valuation & Advisory Services Group's Twin Cities office in Minneapolis in 2017. Prior to this he served as Managing Director. He has over 25 years of real estate appraisal and consulting experience. As Managing Director of the Twin Cities office as well as satellite offices in Des Moines, Sioux Falls and Omaha, Mr. Moynagh leads a valuation and advisory staff of 20 that provides exceptional quality appraisal work and customer service in a timely manner. He coordinates all activities for Minnesota, North Dakota, South Dakota, Nebraska and Iowa, including overseeing new business development, client relations, and appraisal report production.

Mr. Moynagh has experience providing real estate appraisals, consultations, reviews, and litigation support. His appraisal experience includes a wide variety of property types including office, retail, industrial, multi-family residential, hotels and motels, net leased investments, medical office buildings, restaurants residential and commercial subdivisions, golf courses, airport terminals and hangars and other special purpose properties including mixed-use buildings. Mr. Moynagh holds the MAI designation from the Appraisal Institute. He was the 2008 President of the Northstar Chapter of the Appraisal Institute. Mr. Moynagh was part of the Management Team of the Year award within CBRE for 2005, 2006 and 2012.

Professional Affiliations / Accreditations

- Appraisal Institute, Designated Member (MAI), Certificate No. 11916
- Northstar Chapter of the Appraisal Institute
 - President, 2008
 - Board Member since 2004
 - Professor, University of St. Thomas
- Certified General Real Property Appraiser
 - State of Minnesota, No. 4000726
 - State of North Dakota, No. CG2402
 - State of South Dakota, No. 895CG
 - State of Iowa, No. CG02485
 - State of Nebraska, No. CG230099R
 - State of Kansas, No. G-3224
 - State of Missouri, No. 2019013796

Education

- St. John's University, Collegeville, MN, Bachelor of Science

QUALIFICATIONS

MICHAEL J. MOYNAGH, MAI Senior Managing Director

CBRE, Inc.
Valuation and Advisory Services
800 LaSalle Ave Suite 1900
Minneapolis, Minnesota 55402
(612) 336-4239
Mike.Moynagh@cbre.com
www.cbre.com

EDUCATION

Bachelor of Science Degree, Business, St. John's University, Collegeville, Minnesota

LICENSE(S)/CERTIFICATION(S)

Certified General Real Property Appraiser: State of Minnesota (No. 4000726)
Certified General Real Property Appraiser: State of Iowa (No. CG02485) Certified
General Real Property Appraiser: State of Nebraska (No. CG230099R) Certified
General Real Property Appraiser: State of North Dakota (No. CG-2402) State
Certified General Appraiser: State of South Dakota (No. 895CG-2008R)
Certified General Real Property Appraiser: State of Kansas (No. G-3224)
State Certified General Real Estate Appraiser: State of Missouri: (No. 2019013796)
Sales License: State of Minnesota (No. RA-20202710)

PROFESSIONAL

Appraisal Institute

Designated Member (MAI), Certificate No. 11916
Northstar Chapter President, 2008

EXPERIENCE

1987-2001	Vice President, Real Estate Appraiser, GVA Marquette Advisors., Minneapolis, Minnesota
2002-2002	Vice President, Colliers Towle Real Estate, Minneapolis, Minnesota
2003-2017	Director, CBRE, Inc., Minneapolis, Minnesota
2017-Present	Senior Managing Director, CBRE, Inc., Minneapolis, Minnesota
2017-Present	Adjunct Professor, University of St. Thomas, Minneapolis, Minnesota

Appraisal experience has been in the fee preparation of real estate appraisals, feasibility studies, rent analyses and market studies of commercial, industrial, multifamily residential and special use properties. Experience encompasses a wide variety of property types including office, retail, industrial, multifamily, hotel/motel, casinos, resorts, airports, net leased investments, fractional interests, medical office buildings, restaurants, golf courses, and other special purpose properties located both locally and nationally.

Assignments completed in Mexico, Canada, Washington, California, Arizona, Colorado, North Dakota, South Dakota, Nebraska, Kansas, Missouri, Texas, New Mexico, Iowa, Arkansas, Mississippi, Tennessee, Illinois, Wisconsin, Michigan, Indiana, Alabama, Georgia, Florida, South Carolina, North Carolina, Virginia, West Virginia, Kentucky, Pennsylvania, New York, Connecticut, Massachusetts, and Maine. Primary geographical experience is in the Twin Cities metropolitan area of St. Paul and Minneapolis, Minnesota.

The Midwest Region of CBRE, Inc. Valuation and Advisory Services covers the states of Minnesota, Iowa, North Dakota, South Dakota, Nebraska, Kansas, and Missouri.

South Dakota Department of Labor and Regulation

NO: 895CG

This is to Certify that MICHAEL J MOYNAGH of LAKE ELMO, MN is duly licensed to appraise property in the State of South Dakota as a

STATE CERTIFIED GENERAL APPRAISER

Highest Level

from the date hereof until September 30, 2022, unless terminated by the Department

State-Certified General Appraiser classification applies to appraisal of any type of property without regard to transaction value or complexity. The appraiser is bound by the Competency Rule of the Uniform Standards of Professional Appraisal Practice.

IN WITNESS WHEREOF,

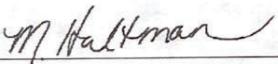
this document was signed by the official in charge of licensing and certification on August 31, 2021

2022



Secretary,
SOUTH DAKOTA
DEPARTMENT OF LABOR AND REGULATION

STATE OF SOUTH DAKOTA
NO. 895CG
This is to certify that
MICHAEL J MOYNAGH
is a STATE CERTIFIED GENERAL APPRAISER
Issued: August 31, 2021 **2022**
Expires: September 30, 2022
DEPARTMENT OF LABOR AND REGULATION

BY: 

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BY: 

YEAR 2021 CERTIFICATE RENEWAL REQUIREMENTS:

- Complete renewal application.
- Pay the prescribed renewal fee.
- Verify completion of 28 hours of approved continuing education completed during the period October 1, 2019 through August 17, 2021. (7 HOURS MUST BE OF THE 2020-2021 7-HOUR NATIONAL USPAP UPDATE COURSE COMPLETED DURING THE PERIOD OCTOBER 1, 2019 THROUGH JUNE 30, 2020)

[CONTINUING EDUCATION NOT APPLICABLE TO RECIPROCAL LICENSEES.]

YEAR 2022 CERTIFICATE RENEWAL REQUIREMENTS:

- Complete renewal application.
- Pay the prescribed renewal fee
- The 2022-2023 7-HOUR NATIONAL USPAP UPDATE COURSE MUST BE COMPLETED DURING THE PERIOD OCTOBER 1, 2021 THROUGH JUNE 30, 2022